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MONTANA LEGISLATIVE HISTORY

Chapter 549 19 91

Bill H _____ S 128 Original bill & history ✓C

H. Committee on Taxation			S. Committee on Taxation		
Hearing Date(s)	Jan 30	✓C	Hearing Date(s)	Feb 21	✓C
	Feb 04	✓C		Mar 14	✓C
		C			C
		C			C
Date Out	Feb 04	✓C		Mar 14	✓C

Did this bill originate in an interim committee? ____Yes ____No

Committee _____ Report _____

2/04	2ND READING PASSED AS AMENDED	49	0
2/05	3RD READING PASSED	49	0
	TRANSMITTED TO HOUSE		
2/06	FIRST READING		
2/06	REFERRED TO EDUCATION & CULTURAL RESOURCES		
3/14	HEARING		
4/01	TABLED IN COMMITTEE		

SB 128 INTRODUCED BY HALLIGAN, ET AL.
ALLOW UNINCORPORATED RESORT AREA TO LEVY RESORT TAX

1/17	INTRODUCED		
1/18	REFERRED TO TAXATION		
1/18	FIRST READING		
1/30	HEARING		
2/05	COMMITTEE REPORT—BILL PASSED AS AMENDED		
2/06	2ND READING PASSED AS AMENDED	38	9
2/07	3RD READING PASSED	39	10
	TRANSMITTED TO HOUSE		
2/09	FIRST READING		
2/09	REFERRED TO TAXATION		
2/21	HEARING		
3/16	COMMITTEE REPORT—BILL CONCURRED		
4/10	2ND READING CONCURRED	55	41
4/11	3RD READING CONCURRED	58	37
	RETURNED TO SENATE		
4/17	SIGNED BY PRESIDENT		
4/18	SIGNED BY SPEAKER		
4/18	TRANSMITTED TO GOVERNOR		
4/23	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 549	EFFECTIVE DATE: 7/01/91	

SB 129 INTRODUCED BY FRITZ, ET AL.
CREATE THE OFFICE OF THE CHILDREN'S ADVOCATE

1/17	INTRODUCED		
1/18	REFERRED TO PUBLIC HEALTH, WELFARE & SAFETY		
1/18	FIRST READING		
1/18	FISCAL NOTE REQUESTED		
1/23	FISCAL NOTE RECEIVED		
1/24	FISCAL NOTE PRINTED		
1/25	HEARING		
2/05	COMMITTEE REPORT—BILL NOT PASSED		
2/05	ADVERSE COMMITTEE REPORT ADOPTED	46	3

SB 130 INTRODUCED BY KENNEDY, ET AL.
REQUIRE GENERIC DRUGS FOR WORKERS' COMPENSATION IN MOST CASES

1/17	INTRODUCED		
1/18	REFERRED TO LABOR & EMPLOYMENT RELATIONS		
1/18	FIRST READING		
1/18	FISCAL NOTE REQUESTED		
1/25	FISCAL NOTE RECEIVED		
1/29	FISCAL NOTE PRINTED		
1/31	HEARING		
2/04	COMMITTEE REPORT—BILL PASSED AS AMENDED		
2/05	REVISED FISCAL NOTE REQUESTED		
2/07	REVISED FISCAL NOTE RECEIVED		
2/08	REVISED FISCAL NOTE PRINTED		
2/12	2ND READING PASSED	49	0
2/13	3RD READING PASSED	49	0
	TRANSMITTED TO HOUSE		

LC 0177/01

SENATE BILL NO. 129

INTRODUCED BY BROWN, HALLIGAN, WILLIAMS, HOFFMAN, LEE, THOMAS, MACLAVEY, NELSON, SMITH, COLE

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING AN UNINCORPORATED RESORT AREA TO IMPOSE A RESORT TAX; DEFINING "RESORT AREA"; EXTENDING THE TAX TO SKI RESORTS AND OTHER RECREATIONAL FACILITIES; AMENDING SECTIONS 7-6-4461, 7-6-4463, 7-6-4464, AND 7-6-4465, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 7-6-4461, MCA, is amended to read:

"7-6-4461. Resort community tax -- definitions. As used in 7-6-4461 through 7-6-4467 and [sections 2 and 6], the following definitions apply:

(1) "Luxuries" means any gift item, luxury item, or other item normally sold to the public or to transient visitors or tourists. The term does not include food purchased unprepared or unserved, medicine, medical supplies and services, or any necessities of life.

(2) "Medical supplies" means items that are sold to be used for curative, prosthetic, or medical maintenance purposes, whether or not prescribed by a physician.

(3) "Medicine" means substances sold for curative or remedial properties, including both physician prescribed and over-the-counter medications.

(4) "Resort area" means an area that:

(a) is an unincorporated area;

(b) has a population of less than 2,500 according to the most recent federal census or federal estimate;

(c) derives the major portion of its economic well-being from businesses catering to the recreational and personal needs of persons traveling to or through the area for purposes not related to their income production; and

(d) has been designated by the department of commerce as a resort area prior to its establishment by the county commissioners as provided in [section 2].

~~(4)~~(5) "Resort community" means a community that:

(a) is an incorporated municipality;

(b) has a population of less than 2,500 according to the most recent federal census or federal estimate;

(c) derives the major portion of its economic well-being from businesses catering to the recreational and personal needs of persons traveling to or through the municipality for purposes not related to their income production; and

(d) has been designated by the department of commerce as a resort community."

NEW SECTION. **Section 2.** Establishment of a resort area -- taxing authority -- approval by electorate. (1) The

INTRODUCED BILL
SB 129

establishment of a resort area for the purpose of imposing a resort tax may be initiated by a written petition to the board of county commissioners of the county in which the area is located. The petition must contain a description of the proposed resort area and must be signed by at least 15% of the electors residing in the proposed area.

(2) The petition must include a proposal to impose a resort tax within the proposed resort area, including the rate, duration, effective date, and purpose of the tax as provided in 7-6-4464.

(3) Upon receiving a petition to establish a resort area, the board of county commissioners shall present the question to the electors residing in the proposed resort area as provided in 7-6-4464.

Section 3. Section 7-6-4463, MCA, is amended to read:

"7-6-4463. Limit on resort ~~community~~ tax rate -- goods and services subject to tax. (1) The rate of the resort tax must be established by the election petition or resolution provided for in 7-6-4464, but the rate may not exceed 3%.

(2) (a) The resort tax is a tax on the retail value of all goods and services sold within the resort community or area by the following establishments:

(i) hotels, motels, and other lodging or camping facilities;

(ii) restaurants, fast food stores, and other food

service establishments; and

(iii) taverns, bars, night clubs, lounges, and other public establishments that serve beer, wine, liquor, or other alcoholic beverages by the drink; and

(iv) ski resorts and other recreational facilities.

(b) Establishments that sell luxuries must collect a tax on such luxuries."

Section 4. Section 7-6-4464, MCA, is amended to read:

"7-6-4464. Resort ~~community~~ tax -- election required -- procedure. (1) A resort community or area may not impose or, except as provided in 7-6-4465, amend or repeal a resort tax unless the resort tax question has been submitted to the electorate of the resort community or area and approved by a majority of the electors voting on the question.

(2) The resort tax question may be presented to the electors of:

(a) ~~the~~ a resort community by:

~~(a)~~ a petition of the electors as provided by 7-1-4130, 7-5-132, and 7-5-134 through 7-5-137; or

~~(b)~~ by a resolution of the governing body of the resort community; or

(b) a resort area by a resolution of the board of county commissioners, following receipt of a petition of electors as provided in [section 2].

(3) The petition or resolution referring the taxing

question must state:

(a) must-state the exact rate of the resort tax;

(b) must-state the duration of the resort tax;

(c) must-state the date when the tax becomes effective, which date may not be earlier than 35 days after the election; and

(d) may--specify the purposes that may be funded by the resort tax revenue.

(4) The petition or resolution referring the resort tax question may provide for a seasonal tax, which must be effective for at least 3 months of each calendar year.

~~(4)~~(5) Upon receipt of an adequate petition, the governing body may:

(a) call a special election on the resort tax question; or

(b) have the resort tax question placed on the ballot at the next regularly scheduled election.

~~(5)~~(6) The question of the imposition of a resort tax may not be placed before the electors more than once in any fiscal year."

Section 5. Section 7-6-4465, MCA, is amended to read:

"7-6-4465. Resort community tax administration. (1) In this section, "governing body" means the governing body of a resort community or, if the resort tax has been approved by the electors of a resort area, the board of county

commissioners.

~~(1)~~(2) Not less than 30 days prior to the date the resort tax becomes effective, the governing body ~~of-the resort-community~~ shall enact an administrative ordinance governing the collection and reporting of the resort taxes. This administrative ordinance may be amended at any time ~~thereafter~~ as may be necessary to effectively administer the resort tax.

~~(2)~~(3) The administrative ordinance ~~shall~~ must specify:

(a) the times taxes collected by ~~business~~ businesses are to be remitted to the ~~resort-community~~ governing body;

(b) the ~~local-government~~ office, officer, or employee of the governing body responsible for receiving and accounting for the resort tax receipts;

(c) the ~~local-government~~ office, officer, or employee of the governing body responsible for enforcing the collection of resort taxes and the methods and procedures to be used in enforcing the collection of resort taxes due; and

(d) the penalties for failure to report taxes due, failure to remit taxes due, and violations of the administrative ordinance. The penalties may include:

(i) criminal penalties not to exceed a fine of $1,000 or 6 ~~months~~ months' imprisonment, or both ~~the-fine-and imprisonment~~;

(ii) civil penalties if the ~~resort--community~~ governing

body prevails in a suit for the collection of resort taxes, not to exceed 50% of the resort taxes found due plus the costs and attorney fees incurred by the ~~resort-community~~ governing body in the action;

(iii) revocation of ~~the offender's~~ a county or municipal business license held by the offender; and

(iv) any other penalties that may be applicable for violation of an ordinance.

~~(3)~~(4) The administrative ordinance may include:

(a) further clarification and specificity in the categories of goods and services that are subject to the resort tax consistent with 7-6-4463;

(b) authorization for business administration and prepayment discounts. The discount authorization may allow each vendor and commercial establishment to:

(i) withhold up to 5% of the resort taxes collected to defray their costs for the administration of the tax collection; or

(ii) receive a refund of up to 5% of the resort tax payment received from them by the ~~resort-community~~ governing body 10 days prior to the collection due date established by the administrative ordinance; and

(c) other administrative details necessary for the efficient and effective administration of the tax."

NEW SECTION. **Section 6.** Use of resort area tax. (1)

Unless otherwise provided by the resolution approved by the electors under 7-6-4464, the board of county commissioners shall appropriate and spend revenue derived from a resort area tax for the purpose stated in the resolution.

(2) The resort area shall reimburse the board of county commissioners for costs associated with the collection, administration, and litigation of the resort area tax.

NEW SECTION. **Section 7.** Codification instruction. [Sections 2 and 6] are intended to be codified as an integral part of 7-6-4461 through 7-6-4467, and the provisions of 7-6-4461 through 7-6-4467 apply to [sections 2 and 6].

NEW SECTION. **Section 8.** Effective date. [This act] is effective July 1, 1991.

-End-

lands. He pointed out public golf courses are on public lands and golf carts used on them are subject to the fee in lieu of tax while carts used on private golf courses are not. The bill is introduced to make the law equitable in its application to golf carts used on both courses.

Dick Michilotti, Cascade County Treasurer, expressed support for the bill. He pointed out the golf carts available for rent on the public courses must be licensed which is a large expense for the person running the club. At the same time the private clubs do not have to license their carts. He urged the Committee to pass the bill

Opponents' Testimony:

Ed Feist, Montana Trail Vehicle Riders, said the bill was originally intended to be a vehicle for obtaining legal title to the golf cart and that provision should be retained.

Questions From Committee Members:

Senator Van Valkenburg asked why golf carts were taxed in the first place.

Mr. Michilotti said the Justice Department deemed them off-road vehicles.

Senator Towe asked about the title problem.

Mr. Michilotti said there is no problem as title can be obtained without licensing.

Closing by Sponsor:

Senator Manning Closed.

HEARING ON SENATE BILL 128

Presentation and Opening Statement by Sponsor:

Senator Halligan, District 29, sponsor, said the 1985 legislature recognized the existence of a problem in resort communities when the large influx of people created demands on services that the tax base could not adequately support. Legislation was passed giving incorporated areas the flexibility to expand their tax base by adopting a resort luxury tax only in communities where the majority of the economic income is derived from people who come from outside the incorporated area. Senator Halligan said the legislation is working very well in West Yellowstone.

SB 128 is exactly the same legislation applied to an unincorporated area. The area would define its boundaries and then be able to work through the County Commissioners to establish the 3% resort luxury tax for the defined area.

The unincorporated area would have to be designated by the Department of Commerce as a resort area prior to the County Commissioners establishing the resort area. Red Lodge, West Yellowstone, and Virginia City are the only three designated resort communities in Montana. Senator Halligan noted page 4, line 5, adds ski resorts to the list of establishments subject to the tax. He said that subsection will be amended to "destination ski resort" in order to limit the designation to an area with sufficient voters to support the tax election.

Proponents' Testimony:

Mona Jamison, representing the Big Sky Resort Association, reviewed the key aspects of the bill:

1. The bill is patterned after the 1985 legislation.

2. It applies only to unincorporated areas with a population of under 2500 people.

3. The Department of Commerce determines the designation as a resort area using the export based model of economics which is a "state of the art" determination of the tourist industry.

4. Unincorporated areas have less ability to levy a tax to raise the money needed to support the infrastructure of the area.

5. A petition containing a description of the resort area, rate, duration, effective date, and purpose of the tax, and signed by at least 15% of the electors of the designated area is submitted to the County Commissioners.

6. The tax is imposed only on luxury goods and the destination ski resorts are added into that section of the bill.

7. The proposed uses of the resort tax must be stated in the resolution and approved by the electors (see Exhibit #1).

Non-resident travelers to Montana in 1988 spent $658 million that resulted in a $1.4 billion total economic impact to the state. These dollars were spent on luxury items: 28% on retail sales, 27% food service, and 18% lodging. State advertising is working. The Department of Commerce is conducting an aggressive advertising campaign for both summer and winter seasons. She noted three different advertisements for Montana and various resorts in Montana in the November, 1990, Snow Country magazine.

The small unincorporated areas surrounding destination ski resorts do not have the ability to raise the revenue needed to support services for their local areas when they are impacted by the large number of consumers. It is important to those areas that the tourists like the area and have the services available that they need and want for their comfort during their visits. If they are comfortable in that location, they will return.

Pete Lineberger, West Yellowstone Town Attorney and a representative of the Big Sky Owners Association and a resident and lawyer in Bozeman, said his experience with the resort community tax in West Yellowstone is that it has been an unmitigated success. The tax is popular with the business community and the townspeople. There are now sidewalks everywhere, storm sewers, and new streets throughout the town. The ripple effect has resulted in a new central water system where there was no central water previously. He noted over one million people come through West Yellowstone a year. The vast majority of these people also stop at Big Sky. Big Sky could benefit greatly from the tax if it is implemented. It is an unincorporated area and suffers even more from lack of services that an incorporated area would under the same impact from the tourist trade. He said the improvements to the infrastructure would mean more people would come to Big Sky, they would stay longer because they are more comfortable there.

Bob Donovan, resident and owner of the Country Store at Big Sky, presented his testimony in support of the bill to the Committee (Exhibit #2).

Taylor Middleton, Director of Marketing, Big Sky, presented his testimony in support of the bill with a large chart the rough draft of which is attached to these minutes as Exhibit #3.

Wayne Hill, Chairman of RID 305, the local sewer district at Big Sky, said they are currently planning an expansion of the sewer system in order to take care of the increased number of tourists visiting Big Sky. They are also attempting to buy the privately owned water system currently in place so that it can be upgraded to meet the current demands. Montana fish and game and water quality personnel keep tight watch on the effluent at Big Sky because of the blue ribbon trout stream just two miles away. The water system is completely self-contained - no water escapes into the Gallatin River from Big Sky. However, the system is in dire need of expansion because of the impact of the large growth in tourism.

Richard A. Barton, Chairman of the Gallatin Canyon Rural Fire District, spoke to the Committee concerning public safety (Exhibit #4).

Lou Spain, President, Past President of the Bozeman Chamber of Commerce and Past President of Big Sky Owners Association, expressed the support of both groups for the bill. He said the resort area is of great economic value to the state and Bozeman as well. The airport boardings at Bozeman are "huge" and a bus service is running to and from Big Sky several times daily.

Douglas Bing, a 17 year resident of Big Sky and owner of a business in the service and retail industry, and President of the Big Sky Homeowners Association, said their 1300 members provide the entire base of necessary services for the resort. He said the resort will spread the cost of the services across a much broader base. The recreational business is extremely competitive and the community must constantly be upgrading the services and amenities in the area. A well-maintained and comprehensive infrastructure is critical to maintaining the market edge.

Bill Murdock, Administrator, Big Sky Owners Association, presented his testimony in support of the bill. His testimony was based on a large chart on current infrastructure needs which is represented in the rough draft (Exhibit #5).

Gene Phillips, Winter Sports, Inc. of Kalispell, owner of Big Mountain Ski Area, said he agreed with the previous testimony and urged the Committee to give the bill favorable consideration.

Mike Scholt, Buck's T-4 Lodge, Marketing Chairman for Yellowstone County, and Past President of Big Sky Owners Association, presented his testimony in support of the bill (Exhibit #6)

Bill Schaap, Lone Mountain Ranch Partner and Manager, said 94% of the people who stay at the ranch are from out of state and spend an average of $154 per person per day while at the ranch. He said tourism is big business in Montana and it is important to be able to compete. He said tourists expect to pay the tax and are very surprised that there is no tax at Big Sky. He estimated the tax would generate at least $75,000 annually in his business alone that would go to providing critical services to the community. He urged the Committee to support the bill.

Gordon Morris, Montana Association of Counties, said the bill will create islands of prosperity across Montana. The Big Mountain area and Seeley Lake could both be likely resort area designees. He said passage of the bill would alleviate a great many of the infrastructure problems so prevalent now.

Laurie Shadoan, Bozeman Chamber of Commerce, presented her testimony in support of the bill (Exhibit #7).

James Tutweiler, Montana Chamber of Commerce, said the bill makes good economic sense and is desperately needed by many communities. It would have a direct positive impact on the largest industry in the state. He said he supports the testimony of the previous supporters of the bill and hoped the Committee would also support the bill.

Opponents' Testimony:

Mark Staples, Montana Tavern Association, said he had some concerns about the bill which Mona Jamison had very capably answered just prior to the hearing. He said he would like to have "destination" well defined in the bill.

Questions From Committee Members:

Senator Towe said there are two separate counties in the Big Sky area. He asked what the procedure would be for petitioning the County Commissioners in that case.

Mr. Lineberger replied he had carefully researched this and it was his opinion that two separate petitions would have to be prepared and presented to the Commissioners of both counties and voted on by the residents of both communities.

Mr. Barton said there is an inter-agency agreement between Gallatin and Madison Counties regarding the fire-district at present. Each county collects the taxes, they are remitted to Gallatin County and then are paid to the district. He anticipated the boundaries would be approximately the same as the fire district and the procedures would be very similar.

Senator Thayer asked Mr. Middleton if the tax on goods and services is in addition to the bed tax in West Yellowstone.

Mr. Middleton said the it is over and above the bed tax. There has been no discernable affect on the ability to attract tourists to the West Yellowstone area because of the additional luxury tax.

Senator Thayer said he felt that even though this is a resort tax, it appears to be a sales tax.

Senator Halligan said yes, it is.

Senator Doherty expressed concern that a seasonal tax might raise questions of due process and equal protection.

Mr. Lineberger said West Yellowstone has a twelve month tax.

Senator Doherty referred to the definition of a destination ski resort on page 4 and wondered if "destination recreational facility" should also be defined.

Mona Jamison destination and recreational facility are "words of art" in the ski industry and under rules of construction if something is a word of art and has a common meaning it need not be defined.

Senator Doherty asked if one of the uses of the tax would be to develop affordable housing \low income housing at Big Sky.

Mr. Murdock replied that employee housing is deplorable in the Big Sky area and that a minimum of 200 units of low income housing are needed. He felt that the proceeds of the tax could be used to develop that housing.

Senator Towe expressed a concern about gerrymandering as there is nothing to define the manner in which the boundaries could be drawn for the unincorporated area.

Mona Jamison said the initiators of the petition would have to frame it in such a way that it would be passed by the voters. The focus would be to encompass the tourist facilities. She noted West Yellowstone voted to adopt the tax, Red Lodge, on the other had, voted it down twice. The very fact that the people can vote on the district is the protection.

Senator Towe said the definition of luxury items should be tightened somewhat. He said it was fairly open in the original legislation and now West Yellowstone taxes everything except unprepared food, medicine and medical supplies.

Mona Jamison said the standard is "luxury item". This would mean all non-essential products.

Senator Yellowtail said if all the needs for fire protection, water, roads, police, and low income housing exist, why doesn't the area just incorporate.

Mr. Murdock said the density requirement for incorporation is 300 per square mile which many of the resort areas cannot meet. The option is to give unincorporated areas the ability to impose the resort luxury tax.

Mr. Lineberger said there is also the problem of registered electors versus owners of land. In the petition for municipalities there are freeholders. In the petitions for taxing districts there are electors. They are two different things, and with so many absentee owners in the Big Sky community you could end up with non-resident owners being the majority of the electors if you wanted to establish a municipality.

Senator Eck asked if the boundaries of the water and fire district are co-terminus with precinct lines.

Mr. Hill said they are different. The fire district is much larger than the water district. The precinct boundaries are, in turn, much larger than the fire district.

Closing by Sponsor:

Senator Halligan closed saying the demands on services are so great and there is not a large enough tax base to meet the need for those services. He said the tax is defined for very specific areas, specifically unincorporated areas below 2500 residents with a significant tourist impact. He noted the process provides for voter notification and hearings. He said there is no basis for the "domino theory" in relation to the spread of a sales tax. There is a serious strain on the infrastructure because of the impact of tourism in the relatively small areas affected by the proposed bill. He said this is a matter of equity for those people who support the resort areas with their businesses and services.

Senators Gage and Towe asked if some time could be reserved at a later date for more questions.

Vice Chairman Eck said time would be made available for that purpose.

HEARING ON SENATE BILL 111

Presentation and Opening Statement by Sponsor:

Senator Halligan, District 29, sponsor, said the bill addresses the concern across Montana with recycling. The bill endeavors to incorporate the best from other states involved in recycling and also to encourage private sector involvement. He directed the Committee's attention to page 2, lines 3-10, in which retail businesses, recyclers, and manufacturers are encouraged to purchase equipment to collect reclaimed material and manufacture products from such material. He noted the definitions on page 3 and the tax incentives on page 4. The incentives are equal to 5% of the cost of the property purchased to collect, transport or process. The credit can be taken for the year in which the property was purchased and for 3 to ten consecutive years. This can end up being a 50% credit for the person investing in a major piece of recycling equipment such as a truck. After conferring with the Department of Revenue, he felt it may be hard to deal administratively with the incremental credit. As a solution, he said it would be possible to offer a one time, up front, 25% credit. Senator Halligan said this is a major and comprehensive incentive bill which deals boldly with the recycling issue in this state. Montana is one of the few states left which has virtually no recycling legislation.

DATE 1/30/91

COMMITTEE ON Taxation

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One: Support	Oppose
GEORGE OCHENSKI	GREAT DIVIDE SKIING CO.	SB128	AMEND	
Chris Kaufman	MEIC	SB111	X	
Janet Ellis	MT Audubon	SB111	AMEND	
ED FEIST	MT TRAIL VEHICLE RIDERS	SB159		✓
GENE PHILLIPS	BIG MOUNTAIN SKI AREA	SB128	X	
Brian McNeill	MEIC	SB111	X	
Bill Myrick	Big Sky Owners Assn	SB128	X	
Wayne Hill	Big Sky	SB128	X	
Douglas K. Burg	Big Sky	SB128	X	
[illegible]	B. of S.	SB128	X	
TAYLOR MIDDLETON	BIG SKY	SB129	X	
Richard A. Barton	Gallatin County Rural Fire Dist	"	X	
Pete Lineberger	Big Sky Owner's Assn	SB128	X	
Bob Schaap	Lone Mtn Ranch	SB128	X	
Lee Spence	Big Sky Owners Assoc.	SB128	X	
MIKE SCHULT	SUCK'S T-V LODGE	SB128	X	
Shaunda Sandberg	MAPP			
Wein Ada	DOR			
Gordon Morris	MACo	SB128	✓	
Mona James	BSOA	SB128	✓	
Toby Fitzpatrick	Pegasus Gold Corp	SB111	✓	
Sen Richard E Manning	Senate Dist 18	SB159	✓	
Paul Luhrs	ERC	SB111		
Laurie Sexton	Bozeman Chamber	SB128	✓	
DAN WALKER	US WEST	SB111	✓	
JERRY NOBLE	Jerry Nobletires	SB111		

DATE 1-30-91

COMMITTEE ON TAXATION

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Opp
James Tutwiler	MT Chamber	SB 128	✓	
James Tutwiler	MT Chamber	SB111	✓	

ROLL CALL

SENATE TAXATION COMMITTEE

DATE 1/31/91

52nd LEGISLATIVE SESSION

NAME	PRESENT	ABSENT	EXCUSED
SEN. HALLIGAN	X		
SEN. ECK	X		
SEN. BROWN			X
SEN. DOHERTY	X		
SEN. GAGE	X		
SEN. HARP	X		
SEN. KOEHNKE	X		
SEN. THAYER	X		
SEN. TOWE	X		
SEN. VAN VALKENBURG	X		
SEN. YELLOWTAIL	X		

Each day attach to minutes.

SENATE TAXATION
EXHIBIT NO. 1
DATE 1/30/91
BILL NO. SB 128

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ATTORNEY AT LAW

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PLEASE SUPPORT SB 128

Resort Area Tax In "Unincorporated" Areas

Background

In 1985, the legislature passed HB 826. This law allows "incorporated" communities with populations of less than 2,500, where tourism is the community's most important basic industry, to impose a resort tax on luxury goods and services not to exceed 3 percent of their retail value. West Yellowstone has imposed and effectively used this tax.

HB 826 did not provide "unincorporated" areas the same opportunity. SB 128 fills this gap. SB 128 allows "unincorporated" areas with populations of less than 2,500, where tourism is the area's most important basic industry, to impose the same type of resort tax.

The Department of Commerce uses the export base model of economic growth when it determines whether or not an area's basic industry is tourism.

Electors in the resort area must approve the tax before it can be imposed.

Need for SB 128

An active tourism industry requires many services for the tourists it serves. The "industry," however, has no method by which it can raise revenue to assure that the needed services and facilities remain adequate.

A resort tax allows for the taxing of luxury goods and services utilized by visitors to the resort area in order to help defray the costs of providing needed facilities and services to these tourists.

Taxation of luxury goods and services is necessary in "destination resorts" like Big Sky, which must offer quality services in order to effectively compete with other national "destination resorts".

How SB 128 Works

The establishment of a resort area for the purpose of imposing a resort tax may be initiated by a written petition to the Board of City Commissioners of the county where the area is located.

SENATE TAXATION
EXHIBIT NO. 1
DATE 1/30/91
BILL NO SB 128

The petition must:

1. Contain a description of the proposed resort area.
2. Be signed by at least 15 percent of the electors residing in the proposed area.
3. Must include the rate, duration, effective date, and purpose of the tax.

A majority of the electors in the resort area must approve the resort tax before it can be imposed.

The resort tax is a tax on the retail value of luxury goods and services sold in the resort area by:

1. Ski resorts and other recreational facilities.
2. Restaurants and other food service establishments.
3. Public establishments that serve alcoholic beverages by the drink.
4. Lodging facilities.

Use of Resort Area Tax

The proposed "uses" of the resort tax must be stated in the resolution approved by the electors and may include:

1. Law enforcement
2. Ambulance
3. Fire protection
4. Road maintenance
5. Local transit system
6. Post office
7. Water supply
8. Sewage disposal

Public employee salaries

PLEASE SUPPORT SB 128.

THANK YOU.

SENATE TAXATION
EXHIBIT NO. 3
DATE 1/30/91
BILL NO. SB 128

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 30 day of January, 1991.

Name: Bob Darrow

Address: Box 220
Big Sky, Mt

Telephone Number: 995-4389

Representing whom?
Myself

Appearing on which proposal?
Senate Bill 128

Do you: Support? ✓ Amend? ____ Oppose? ____

Comments:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

Madam Chairman
Committee Members. Tourists (W) Gallatin Street 1988

EXHIBIT NO. 2
DATE 1/30/91
BILL NO. SB 128

Good Morning:

I am Bob Donovan, a resident of Big Sky, MT. My wife and I own the Country Store. I support the extention of the resort tax to unincorporated communities as defined in the proposed bill (Senate Bill 128).

The Big Sky Country Store sells ~~groceries, wine and beer,~~ and gifts. We also have a deli which serves food. The proposed tax would be collected on approximately 50% of our gross sales.

The conventional wisdom would be that we would oppose any proposal which would (1) increase retail prices thus affecting our ~~competiveness~~ competitiveness

(2) increase our costs by administrating the collection of the tax

(3) and be an additional personal expense to the extent we use products and services covered by the tax (ie ~~meals in our restaurants which we patronize~~ extensively.)

On the contrary, we support this proposal because we feel that our economic interests are directly related to the quality of public services available in our community. The revenues generated will assure that when a tourist visitor comes to Big Sky the public services offered will be consistent with the high standards they have every right to expect.

Interestingly our experience with customers is that they are incredulous that they are not paying some fee for the public services they receive.

We employ 6 locals, all of whom want to live in Big Sky just as much as we do. Contrary to the public perception the vast majority of our resident population work so that they may continue to live and reaise their families in this very special community. But it becomes increasingly difficult because of the absence of affordable housing. One of the purposes that I believe the generated revenues could be used advantageously is in supporting an affordable housing program.

destination resort.

SENATE TAXATION
EXHIBIT NO. 3
DATE 1/30/
BILL NO SB 198

This is a rare opportunity to enact tax legislation in which there are only Montana winners. The visitor to our community wins because they have a quality experience which encourages them to come back and advise others to visit. The resident of the community wins because the quality of life is enhanced and we prosper economically. Gallatin County and the State win by increased tax revenues resulting from the increased tax base.

THANK YOU

EXHIBIT D
E... NO. →
DATE 1/28/91
BILL NO. SB178

Big Sky
Proposed Taxable Items and Project Revenues* (Annual) with Resort Tax

Retail Sales + Services	sales	revenues w/ 3% tax
: ski: gear, clothing, souvenirs non-essentials	$ ~~4~~ 4,000,000	$ 120,000
: restaurant meals, beverages	4,000,000	120,000
: ~~rooms~~ lodging, cars rentals	4~~3~~.5 ~~,000,000~~	90,000
: ski: lift tickets & passes	~~6~~ 4.5 ~~,000,000~~	180,000
: retail services – ski: lessons, golf, fishing guides, rafting, etc horseback rides	3,000,000	90,000
	20,000,000	$ 600,000

95% of the above sales $ come from Tourists

*source Big Sky Resort Association Service

SENATE TAXATION
EXHIBIT NO. 4
DATE 1/30/91
BILL NO. SB 128

Before the Montana Legislative Committee
considering a Resort Tax for Unincorporated Areas

STATEMENT OF RICHARD A. BARTON

I am Richard A. Barton.* I am Chairman of the Gallatin Canyon Rural Fire District. My subject is public safety.

A Resort Tax Would Help Public Safety

As explained in detail below, proceeds of a resort tax could be used to fund:

1. **Better police protection.**
2. **Constructing and equipping Fire Station No. 2.**
3. **Fire prevention programs centered on inspections.**
4. **Fire fighting training.**
5. **Reliable and extended water supply for fire protection.**
6. **Improvement of medical and emergency response capability.**

Description of District

Big Sky and the Fire District are in Madison and Gallatin counties. Mountain Village in Madison County is a major ski area. It accounts for almost 30% of Madison County real estate taxes and about 40% of Fire District taxes.

Meadow Village is more than 6 miles away in Gallatin County. 3 miles below that is Highway 191. The Fire District serves a "T" shaped area with a stem some 9 miles long having a 12 mile long cross-bar. Police services are stretched to the same extent.

Police Protection

Police protection is provided by the Gallatin County Sheriff even though the ski area is in Madison County. Isolated Madison County cannot economically provide coverage, so it entered into an inter-agency agreement with Gallatin County under which it pays Gallatin County and Gallatin County provides "adequate" service to all of Big Sky. Only Gallatin County determines what is "adequate". Big Sky is 44 miles from the County Seat, has few voters, so when emergencies arise or budgets require cuts, services are reduced in Big Sky, not the Bozeman area.

However, Big Sky is filled, Summer, Fall and Winter, with visitors who come to enjoy the many recreational opportunities. Many employees provide needed visitor services. When the sun goes down, visitors and employees may repair to local watering holes. Others may hit the road, sometimes in terrible weather, to West Yellowstone or Bozeman and I-90. Pressure on police increases. Incidents and accidents occur - not just from 8:30 am to 5:00 pm, but around the clock. Big Sky needs full-time police protection, but Gallatin County says it cannot afford to assign sufficient deputies.

Fire Protection

The Fire Department began as all volunteer, raising money by begging and running benefits. Later it was incorporated as the Gallatin Canyon Rural Fire District, with real estate taxing power. All fire fighters and the Chief are volunteers. Fire Station No. 1 is in the Meadow Village area, 3 miles from the highway and over 6 miles from Mountain Village. It houses most of the firefighting and emergency medical equipment. Fire Station No. 2 is a donated space in the Mountain Mall, marginal at best, inadequately heated, and houses an older pumper that has suffered from being out of commission during last Winter because it had no heated home during major construction. We are currently unable to build a station or to buy modern engines suited to protect such large property investments and assure reasonable fire insurance rates.

The Volunteer force of from 17 to 22 women and men all work full-time for themselves or Big Sky employers. We lack trained professionals needed to bring them up to desired proficiency. We cannot attract more volunteers, but could if better training were available. We have no inspectors but are considering contracting with outsiders for inspection and training. Funds for that purpose are limited.

The Fire District is concerned about sufficiency and reliability of water supply to areas served by hydrants. We have no control over water distribution to hydrants in Mountain and Meadow Villages. A fire protection reserve is legally required, but there have been several overnight total pressure outages, other times when storage tanks went dry, and occasions when hydrants are inoperative. We were not notified; our response be to the hydrant nearest the fire, and we would have been delayed in finding back-up sources. Quick response time is critical. The water system is in private hands; perhaps it should be in public hands. Such a change might also permit extension of service to areas not served by hydrants.

MEDICAL AND OTHER EMERGENCY SERVICES

Big Sky has no doctors and no ambulance service - nearest services are 45 miles away. Volunteer firefighters, concerned for their own safety and potential victims of fires, have an equipped ambulance and "quick response emergency vehicle" carrying firefighting and equipment useful in automobile accidents, like "jaws of life". Many Volunteers have had emergency medical training and are certified EMT's. For those reasons, our volunteers are the first called in medical emergencies.

The recent report of the Montana Fire Marshall shows our District has one of the highest ratios of emergency medical calls to total calls of any fire department in Montana. Medical emergencies and automobile accidents with reported injuries make up from 75% to 80% of our total calls. Many of these motor vehicles. Others involve visitors making use of recreational opportunities.

We serve those who live here, tourists passing through, recreational visitors and employees who serve them.

Respectfully submitted,

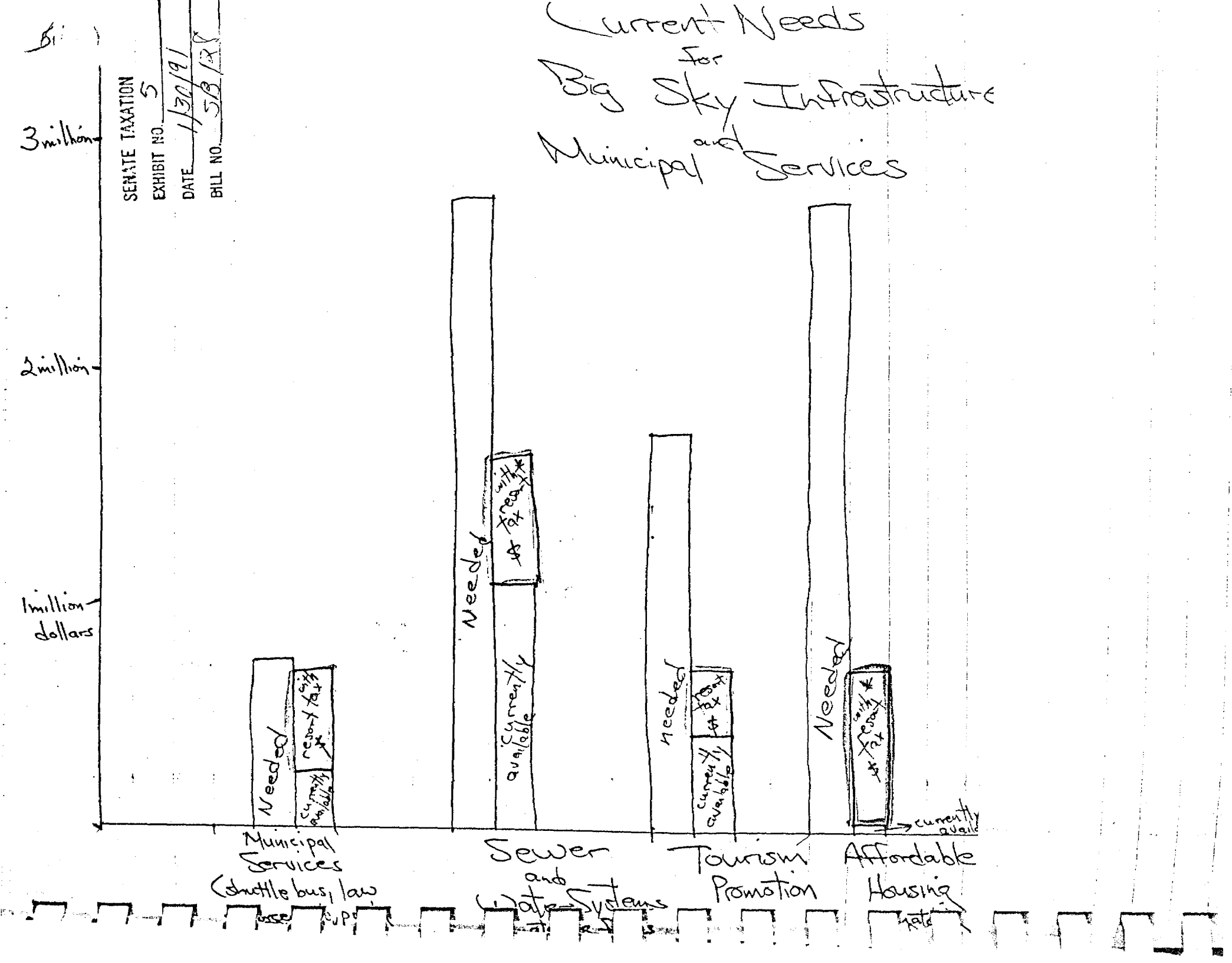
Richard A. Barton

* I reside near Big Sky, where I have owned property since 1974, and been a resident for 5 years, and a Trustee of Gallatin Canyon Rural Fire District for 4 years and Chairman for 3 years. Educated in civil engineering and law and a retired executive and corporate lawyer, I was an elected official in Illinois having oversight responsibility for local police and fire protection, in addition to my 4 years with the Gallatin Canyon Rural Fire District.

file:
Disk 90-03:"2Resort.130"

SENATE TAXATION
EXHIBIT NO. 5
DATE 1/30/91
BILL NO. SB 128

Current Needs for Big Sky Infrastructure and Municipal Services



~~THE RESORT BUSINESS IS A VERY COMPETITIVE BUSINESS.~~ TO ATTRACT TODAY'S DISCERNING TOURIST, RESORTS MUST PROVIDE A HIGHER LEVEL OF SERVICE EVERY YEAR. THIS CAN ~~ONLY~~ BE ECONOMICALLY ACHIEVED THROUGH A USER TAX.

THE RESORT COMMUNITIES AND AREAS OF MONTANA ARE NOT JUST COMPETING AMONG THEMSELVES FOR THIS BUSINESS. WE ARE COMPETING REGIONALLY, NATIONALLY AND EVEN GLOBALLY. MANY OF OUR COMPETITORS HAVE MONIES DERIVED FROM TOURIST ORIENTED TAXES AND ARE USING THEM EFFECTIVELY TO ATTRACT THE TOURISTS TO THEIR DESTINATIONS. MONTANA RESORT AREAS ALSO NEED THIS TYPE OF REVENUE TO PROVIDE QUALITY SERVICES. THE ENACTMENT OF A RESORT TAX WILL BETTER ENSURE THAT MONTANA RESORT AREAS WILL NOT BECOME SECOND RATE DESTINATION RESORTS.

I HOPE YOU WILL SUPPORT SENATE BILL 129

THANK YOU

SENATE TAXATION
EXHIBIT NO. 6
DATE 1/30/91
BILL NO. SB 129

SENATE TAXATION
EXHIBIT NO 2
DATE 1/30/91
BILL NO SB 128

Vice-Chairman Eck & committee members
SB 128

UKS - Bozeman Chamber

RISE in support of SB 128 which broadens the existing statute for a luxuries resort tax. The Bozeman Chamber supports this bill because it calls for a vote of the people as well as that the bill provides for determination of how the revenues will be spent prior to the vote of the people.

The Bozeman Chamber would also like to remind you, the legislators, that they strongly support overall tax reform, which would in many cases eliminate special taxes which you will continue to see.

I urge DO PASS for SB 128

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 30 day of JAN, 1991.

Name: WAYNE HILL

Address: Box 277

Big Sky 59716

Telephone Number: 406 995 4238

Representing whom?

RID 305 Big Sky Sewer Dist.

Appearing on which proposal?

SD 128

Do you: Support? X Amend?____ Oppose?____

Comments:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 30 day of January, 1991.

Name: Kate Lineberger

Address: P.O. Box 6400

Bozeman MT 59771

Telephone Number: 586-6994

Representing whom?

Big Sky Owners Association

Appearing on which proposal?

SB 128

Do you: Support? X Amend?____ Oppose?____

Comments:

Also am West Yellowstone town attorney

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 30th day of January, 1991.

Name: Bob Schaap

Address: P.O. Box 69 Big Sky Mt 59716

Telephone Number: 406-995-4644

Representing whom?

Lone Mountain Ranch

Appearing on which proposal?

SB 128

Do you: Support? X Amend?____ Oppose?____

Comments:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 30 day of JAN, 1991.

Name: Douglas K. Bunis

Address: Box 50645 Gallatin Rd.
Gallatin Gateway MT

Telephone Number: 9954579

Representing whom?
Big Sky Owners Ass.

Appearing on which proposal?
SB128

Do you: Support? X Amend?_____ Oppose?_____

Comments:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 30 day of January, 1991.

Name: Bill Murdock

Address: Big Sky Owners Assoc.
Box 57 Big Sky, MT 59716

Telephone Number: 995-4166

Representing whom?
Big Sky Owners Association

Appearing on which proposal?
SB 128

Do you: Support? X Amend?____ Oppose?____

Comments:
we ask for the same opportunity to tax tourist as given West Yellowstone.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 30 day of JANUARY, 1991.

Name: MIKE SCHULZ

Address: P.O. BOX 279

BIG SKY, MT 59716

Telephone Number: 995-4111

Representing whom?

BEST WESTERN BUCK'S T-4 LODGE

Appearing on which proposal?

SENATE BILL 128

Do you: Support? X Amend?____ Oppose?____

Comments:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 30 day of JAN, 1991.

Name: TAYLOR MIDDLETON

Address: BOX 1

BIG SKY, MT 59716

Telephone Number: 995 4211

Representing whom?

LARGEST EMPLOYER AND CHAMBER OF COMMERCE ENTITY

Appearing on which proposal?

SB 128

Do you: Support? X Amend?____ Oppose?____

Comments:

We the businesses who will collect the tax see the need for infrastructure development and maintenance and are in support of funding these needs in this way.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 31 day of January, 1991.

Name: Mona Jamison

Address: Power Block, Suite 4C
Kalispell, MT 59901

Telephone Number: 442-5581

Representing whom?

Big Sky Resort Assoc.

Appearing on which proposal?

SB 128

Do you: Support? ✓ Amend? ____ Oppose? ____

Comments:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

Amendments, Discussion, and Votes:

Senator Doherty moved to amend the bill on page 3, line 1, by striking the previous amendment of "0.5%" back to the original rate in the bill of "0.4%". (The bill was previously amended 1/29/91 and then tabled.)

Senator Doherty continued a good argument was presented for changing the computation of the RITT tax rate on coal. He noted, because of the Bennett decision, 0.4% is the effective rate at which the coal is currently being taxed. He felt changing the rate of the tax is a separate issue and should be addressed in another bill. He stressed the importance of the revenue neutrality issue. He said he is taking this action on Senate Bill 93 because of the Department of Revenue estimates and the testimony on the bill which indicated the revenue neutrality is preserved as the bill is written.

Senator Gage made a comment on revenue neutrality. He said many people have the mistaken opinion that, regardless of what happens, the same amount of revenue will be generated. Senator Gage said his interpretation of revenue neutrality with regard to production is "given the same level of production and the same price, this is revenue neutral".

Senator Towe said his concern is that before the Bennett decision, the coal companies were paying this extra amount. He felt it was a mistake to give in to the coal companies. He said the legislature should do what was originally intended and tax at 1.5% of the coal value, not the reduced net value which is what the amendment does.

The motion to amend the tabled SB 93 CARRIED with Senator Towe voting no.

Recommendation and Vote:

Senator Doherty moved SB 93 DO PASS. The motion CARRIED with Senator Towe voting no.

EXECUTIVE ACTION ON SENATE BILL 128

Motion:

Senator Halligan moved to amend the bill as per the amendments written in in the attached copy of the bill (Exhibit #1). He pointed out the seasonal sales tax is eliminated in the bill. He also presented a suggested definition of "destination resort" for the committee's consideration (Exhibit #2).

Senator Halligan said there was a question during the hearing on SB 128 about property taxes paid at Big Sky. He asked Mr. Murdoch to make his presentation.

Bill Murdoch, Big Sky Owners Association, presented information regarding property taxes paid by some members of the BSOA (Exhibit #3).

Senator Halligan said the information was presented in an attempt to assure the committee that the bill would not subsidize the property taxes of the owners. However, he was also concerned that the property owners did not end up subsidizing all the impacts of the tourist industry.

Senator Yellowtail asked for a comparison of the property taxes paid by the BSOA and taxes paid by owners of like property in an incorporated area. He was concerned about the origin of the taxes and also questioned the Owners Association assessment.

Mr. Murdoch answered the taxes are comparable between Bozeman and Big Sky. He owns homes in both areas. The BSOA assessment was included because they there is not an incorporated community at Big Sky and therefore they tax for snowplowing, road maintenance, extra sheriff, and other services which are all paid for out of the assessment. He said that is, in essence, a tax they are paying on top of the property tax assessment.

Senator Yellowtail asked if everyone belonged to the BSOA and if membership is voluntary.

Mr. Murdoch said this is a defined area and everyone in the BSOA area has to pay the assessment.

Senator Towe said he is bothered by the definition in that he is concerned that every area with a population under 2500 will be able to qualify.

Mona Jamison said that the provisions of Section 4, (a), (b), and (c) still apply and the area must meet the Department of Commerce methodology for designation as a destination resort.

Andy Poole, Deputy Director, Department of Commerce, explained the procedures for designation (Exhibit #4).

Senator Gage asked if determination is made on employment figures or income data.

Mr. Poole replied either way can be used as the base. He said West Yellowstone is the only area with a resort designation to date and their designation is employment data based. Information is gathered from census maps which are issued every 10 years with update information available approximately every 3 years.

Senator Towe and Senator Van Valkenburg expressed concern about very small areas such as Fairmont Hot Springs applying for designation as a resort destination.

Mr. Poole said he doubted that would occur since the end result would have the entity taxing itself as a result of the designation.

Senator Gage expressed a concern over the broad language on page 1, line 17, "any other item normally sold to the public".

Senator Towe said he had the same concern when the bill originally came before the Committee in 1985, but it was decided to leave the definition of luxury open for the local entity to define. He said that is a problem area and asked to amend the bill on page 1, line 20, following "services," by adding "appliances, hardware supplies, and tools".

Senator Halligan included the amendment suggested by Senator Towe in his proposed list of amendments.

Senator Towe also felt language needed to be added on page 4, line 25 (proposed sub (3)) following "be presented to" by inserting "and approved by".

Senator Halligan agreed to the additional language.

Senator Halligan's motion to amend the bill as per Exhibit #1 with the inclusion of Senator Towe's two suggested amendments CARRIED unanimously. (See amendments #1, 2, 5, 6, and 7 on attached standing committee report Exhibit #5.)

Senator Gage moved to amend the bill on page 1, line 20 by adding "The term also does not include any amount wagered on gambling or gambling devices."

Senator Eck asked Mr. Linebarger how West Yellowstone handles the gambling issue.

Mr. Linebarger replied West Yellowstone taxes "all entertainment". There are no taxes on the monies wagered but the establishments pay a tax on all their receipts from all their activities, which may include the gambling machines.

Mona Jamison said state law prohibits local governments from regulation of gambling in any way. The gambling industry is heavily regulated and very specific. The specific regulations would prevail over the general.

Senator Doherty asked what the effect would be on West Yellowstone if the gambling provision was taken out.

Mr. Linebarger replied it would depend on the language of the amendment and how it was applied.

The motion by Senator Gage FAILED on a roll call vote (Exhibit #6).

Senator Yellowtail moved to amend the bill to define the geographic area of the unincorporated resort area (see amendment #3 of standing committee report Exhibit #5). He further moved to include a provision to allow the imposition of the tax only if the area cannot meet the criteria for incorporation (see amendment #4 of standing committee report Exhibit #5).

Senator Towe asked to have the motion divided.

The motion to define the geographic area of the unincorporated resort area CARRIED unanimously.

The motion to allow imposition of the tax only if the area cannot meet the criteria for incorporation CARRIED with Senator Towe voting no.

Recommendation and Vote:

Senator Halligan moved SB 128 Do Pass As Amended. The motion CARRIED with Senator Yellowtail voting no.

ADJOURNMENT

Adjournment At: 10:15 a.m.

SENATOR MIKE HALLIGAN, Chairman

JILL D. ROHYANS, Secretary

MH/jdr

ROLL CALL VOTE

SENATE TAXATION
EXHIBIT NO. 6
DATE 3/4/91
BILL NO. SB 138

SENATE COMMITTEE ON TAXATION

Date 3/4/91 Senate Bill No. 138 Time

NAME	YES	NO
SEN. HALLIGAN		X
SEN. BROWN		X
SEN. ECK		X
SEN. GAGE	X	
SEN. VAN VALKENBURG	X	
SEN. HARP		
SEN. YELLOWTAIL	X	
SEN. THAYER		X
SEN. TOWE		X
SEN. KOEHNKE		X
SEN. DOHERTY		X

Jill D. Rohyans
Secretary

Sen. Mike Halligan
Chairman

Motion: By Senator Gage to exclude gambling license provisions of SB 138

ROLL CALL

SENATE TAXATION COMMITTEE

DATE 2/4/91

LEGISLATIVE SESSION

NAME	PRESENT	ABSENT	EXCUSED
SEN. HALLIGAN	X		
SEN. ECK	X		
SEN. BROWN	X		
SEN. DOHERTY	X		
SEN. GAGE	X		
SEN. HARP			X
SEN. KOEHNKE	X		
SEN. THAYER	X		
SEN. TOWE	X		
SEN. VAN VALKENBURG	X		
SEN. YELLOWTAIL	X		

Each day attach to minutes.

SENATE TAXATION
EXHIBIT NO. 1
DATE 2/4/91
BILL NO. SB 178

question must state:

(a) must-state the exact rate of the resort tax;

(b) must-state the duration of the resort tax;

(c) must-state the date when the tax becomes effective, which date may not be earlier than 35 days after the election; and

(d) may--specify the purposes that may be funded by the resort tax revenue.

~~(4) The petition or resolution referring the resort tax question may provide for a seasonal tax, which must be effective for at least 3 months of each calendar year.~~

~~(4)~~(5) Upon receipt of an adequate petition, the governing body may:

(a) call a special election on the resort tax question; or

(b) have the resort tax question placed on the ballot at the next regularly scheduled election.

~~(5)~~(6) The question of the imposition of a resort tax may not be placed before the electors more than once in any fiscal year."

Section 5. Section 7-6-4465, MCA, is amended to read:

"7-6-4465. Resort community tax administration. (1) In this section, "governing body" means the governing body of a resort community or, if the resort tax has been approved by the electors of a resort area, the board of county

commissioners.

~~(1)~~(2) Not less than 30 days prior to the date the resort tax becomes effective, the governing body ~~of the resort community~~ shall enact an administrative ordinance governing the collection and reporting of the resort taxes. This administrative ordinance may be amended at any time ~~thereafter~~ as may be necessary to effectively administer the resort tax.

~~(2)~~(3) The administrative ordinance ~~shall~~ must specify:

(a) the times taxes collected by ~~business~~ businesses are to be remitted to the ~~resort community~~ governing body;

(b) the ~~local government~~ office, officer, or employee of the governing body responsible for receiving and accounting for the resort tax receipts;

(c) the ~~local government~~ office, officer, or employee of the governing body responsible for enforcing the collection of resort taxes and the methods and procedures to be used in enforcing the collection of resort taxes due; and

(d) the penalties for failure to report taxes due, failure to remit taxes due, and violations of the administrative ordinance. The penalties may include:

(i) criminal penalties not to exceed a fine of $1,000 or 6 ~~months~~ months' imprisonment, or both ~~the fine and imprisonment~~;

(ii) civil penalties if the ~~resort community~~ governing

SENATE TAXATION
EXHIBIT NO. 1
DATE 3/4/91
BILL NO. SB 128

Senate BILL NO. 128

INTRODUCED BY Halligan, Bob Brown, Hoffman, Lee, Thomas, Waldron, Nelson, Fritz, Cole, Stimatz, Bianchi, Bengtson, Blaylock, Anderson

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING AN UNINCORPORATED RESORT AREA TO IMPOSE A RESORT TAX; DEFINING "RESORT AREA"; EXTENDING THE TAX TO SKI DESTINATION RESORTS AND OTHER DESTINATION RECREATIONAL FACILITIES; AMENDING SECTIONS 7-6-4461, 7-6-4463, 7-6-4464, AND 7-6-4465, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 7-6-4461, MCA, is amended to read:

"7-6-4461. Resort community tax -- definitions. As used in 7-6-4461 through 7-6-4467 and [sections 2 and 6], the following definitions apply:

(1) "Luxuries" means any gift item, luxury item, or other item normally sold to the public or to transient visitors or tourists. The term does not include food purchased unprepared or unserved, medicine, medical supplies and services, of any necessities of life.

(2) "Medical supplies" means items that are sold to be used for curative, prosthetic, or medical maintenance purposes, whether or not prescribed by a physician.

(3) "Medicine" means substances sold for curative or remedial properties, including both physician prescribed and over-the-counter medications.

(4) "Resort area" means an area that:

(a) is an unincorporated area;

(b) has a population of less than 2,500 according to the most recent federal census or federal estimate;

(c) derives the major portion of its economic well-being from businesses catering to the recreational and personal needs of persons traveling to or through the area for purposes not related to their income production; and

(d) has been designated by the department of commerce as a resort area prior to its establishment by the county commissioners as provided in [section 2].

~~(4)~~(5) "Resort community" means a community that:

(a) is an incorporated municipality;

(b) has a population of less than 2,500 according to the most recent federal census or federal estimate;

(c) derives the major portion of its economic well-being from businesses catering to the recreational and personal needs of persons traveling to or through the municipality for purposes not related to their income production; and

(d) has been designated by the department of commerce as a resort community."

NEW SECTION. **Section 2.** Establishment of a resort area -- taxing authority -- approval by electorate. (1) The

INTRODUCED BILL
SB 128

SENATE TAXATION
EXHIBIT NO. 2
DATE 2/4/91
BILL NO. SB 178

DESTINATION RESORT

A destination resort is a full-service vacation locality which caters to individuals, families or groups by offering accommodations and leisure oriented activities and facilities, such as, but not limited to, golf, tennis, skiing, equestrian sports and water-oriented activities that are designed for the rest, relaxation, amusement and pleasure of its visitors.

SENATE TAXATION
EXHIBIT NO 3
DATE 2/4/91
BILL NO SB 178

MONTANA STATE™

assessed value	property tax	+ SSA assessment	
$75,000 home	$946	$196	= $1142
110,700	1338	196	1534
181,300	1867	158	2025
96,013	1270	295	1565
179,900	2124	412	2536

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College Letters™

B SOA $196.98

1990 REAL PROPERTY TAXES — GALLATIN COUNTY TREASURER — RKE18269 — 18269

BOZEMAN, MONTANA

SCHOOL DIST.: 72 — MILL LEVY: 253.99 — TOTAL ASSESSED VALUE: 10,692 — TOTAL TAXABLE VALUE: 4,273

DESCRIPTION	FIRST HALF	SECOND HALF	TOTAL TAX
GENERAL TAX	542.65	542.65	1,085.30
GALLATIN CANYON FIRE	26.39	26.38	52.77
GALLATIN CONSERV DISTRICT	2.73	.00	2.73
BIG SKY S/W #305 MT	147.79	.00	147.79
BIG SKY MDW VLL W/RD #318	.00	.00	.00
BIG SKY MDW V RDS #318 MT	49.20	.00	49.20

TOTAL DELINQUENT TAXES DUE →

PENALTY AND INTEREST MUST BE FIGURED BEFORE DELINQUENT TAXES CAN BE PAID. SEE REVERSE SIDE FOR MORE INFORMATION.

BREAKDOWN OF GENERAL TAX

STATE	COUNTY	SCHOOL
196.56	246.55	576.81
CITY/RURAL	ROAD	OTHER
6.41	58.37	.00

LEGAL DESCRIPTION (MAY BE PARTIAL DESCRIPTION)

MEADOW VILLAGE #1 2ND FILING
IN 36 6S 3E
LOT 2 4 .28

HELGESON, DONALD G & VIVIAN L
BOX 556
BIG SKY, MT 59716

2nd HALF DATE DUE AND AMOUNT

OR PAY TOTAL TAX

nd HALF

PARCEL RKE18269

NAME

LGESON, DONALD G &

YMENT DUE: 05/31/91

st HALF:	768.76
nd HALF:	569.03
TOTAL TAX DUE:	1,337.79

MAKE CHECK WITH PAYMENT TO:

REAL PROPERTY TAXES — BOZEMAN, MONTANA — 1989

SCHOOL DIST. 72 — MILL LEVY: 228.21 — TOTAL ASSESSED VALUE: 26,013 — TOTAL TAXABLE VALUE: 2,706

DESCRIPTION	FIRST HALF	SECOND HALF	TOTAL TAX
GENERAL TAX	423.06	423.06	846.12
GALLATIN CANYON FIRE	28.54	28.53	57.07
GALLATIN CONSERV DISTRICT	3.00	.00	3.00
BIG SKY S/W #305 MT	192.00	.00	192.00
BIG SKY MDW VLL W/RD #318	.00	.00	.00
BIG SKY MDW V RDS #318 MT	172.15	.00	172.15

pd 11/30/89 #986 818.75 + 149.21 = $967.96

pd 5/15/90 #1116

TOTAL DELINQUENT TAXES DUE →

PENALTY AND INTEREST MUST BE FIGURED BEFORE DELINQUENT TAXES CAN BE PAID. SEE REVERSE SIDE FOR MORE INFORMATION.

BREAKDOWN OF GENERAL TAX

STATE	COUNTY	SCHOOL
22.24	213.10	554.08
CITY/RURAL	**ROAD**	**OTHER**
5.56	51.14	.00

LEGAL DESCRIPTION (MAY BE PARTIAL DESCRIPTION)

SWEETGRASS HILLS SUB
IN SEC 25,26,35 & 36 6S 3E
LOT 15 4 .99

$451.59 + 100.53 = $552.10

HILL, WAYNE O & MARILYN R
BOX 277
BIG SKY, MT 59716

1st HALF DATE DUE AND AMOUNT		2nd HALF DATE DUE AND AMOUNT		OR PAY TOTAL TAX DUE	
11/30/89	818.75	05/31/90	451.59		1,270.34

3 Sold $295.62

B504 - # 157. 98

1990 REAL PROPERTY TAXES — GALLATIN COUNTY TREASURER — RKE18402 — 18402
BOZEMAN, MONTANA

SCHOOL DIST.: 72 — MILL LEVY: 253.99 — TOTAL ASSESSED VALUE: 181,248 — TOTAL TAXABLE VALUE: 6,996

DESCRIPTION	FIRST HALF	SECOND HALF	TOTAL TAX
GENERAL TAX	888.46	888.45	1,776.91
GALLATIN CANYON FIRE	43.20	43.20	86.40
GALLATIN CONSERV DISTRICT	4.48	.00	4.48

ck# 1162
11-20-90
936.14

id HALF — PARCEL RKE18402

NAME
IOVAN, ROBERT F & P
'MENT DUE 05/31/91

HALF:	936.14
d HALF:	931.45
TOTAL AX DUE:	1,867.59

TOTAL DELINQUENT TAXES DUE ⟶

PENALTY AND INTEREST MUST BE FIGURED BEFORE DELINQUENT TAXES CAN BE PAID. SEE REVERSE SIDE FOR MORE INFORMATION.

BREAKDOWN OF GENERAL TAX

STATE	COUNTY	SCHOOL
321.82	403.67	944.39
CITY/RURAL	**ROAD**	**OTHER**
10.49	96.54	.00

LEGAL DESCRIPTION (MAY BE PARTIAL DESCRIPTION)

TRACT 1
IN SW1/4 26 6S 3E 10.024
C OF S 1480
TRACT

DONOVAN, ROBERT F & PATRICIA L.
BOX 220
BIG SKY, MT 59716

...AL PROPERTY TAXES

GALLATIN COUNTY TREASURER
BOZEMAN, MONTANA

RKE18821

PARCEL NO. 13[illegible]50
PARCEL NO. 18821

MILL LEVY: 228.31 TOTAL ASSESSED VALUE: [illegible] TOTAL TAXABLE VALUE: [illegible]

DESCRIPTION	FIRST HALF	SECOND HALF	TOTAL TAX
GENERAL TAX	94.18	94.18	188.36
GALLATIN CANYON FIRE	6.36	6.35	12.71
GALLATIN CONSERV DISTRICT	.67	.00	.67
BIG SKY S/W #305 MT	48.00	.00	48.00

TOTAL DELINQUENT TAXES DUE ⟶

* PENALTY AND INTEREST MUST BE FIGURED BEFORE DELINQUENT TAXES CAN BE PAID. SEE REVERSE SIDE FOR MORE INFORMATION.

LEGAL DESCRIPTION (MAY BE PARTIAL DESCRIPTION)

SWEETGRASS HILLS SUB
IN SEC 25, 26, 35 & 36 6S 3E
LOT 12 4 .90

HILL, WAYNE O & MARILYN R
BOX 277
BIG SKY, MT 59716

BREAKDOWN OF GENERAL TAX

STATE	COUNTY	SCHOOL
4.93	47.44	123.35
CITY/RURAL	**ROAD**	**OTHER**
1.24	11.38	.00

1st HALF DATE DUE AND AMOUNT		2nd HALF DATE DUE AND AMOUNT		OR PAY TOTAL TAX DUE ▶
11/30/89 ▶	(149.21)	05/31/90 ▶	100.53	249.74

1st HALF

PARCEL RKE18178

NAME
KAPPLER, SUZANNAH BON
PAYMENT DUE 11/30/90

1st HALF:	175.95
2nd HALF:	65.12
TOTAL TAX DUE:	241.07

RETURN STUB WITH PAYMENT TO:
GALLATIN COUNTY TREASURER
311 W. MAIN, ROOM 202
BOZEMAN, MT 59715

2nd HALF

PARCEL RKE18178

NAME
KAPPLER, SUZANNAH BON
PAYMENT DUE 05/31/91

1st HALF:	175.95
2nd HALF:	65.12
TOTAL TAX DUE:	241.07

RETURN STUB WITH PAYMENT TO:
GALLATIN COUNTY TREASURER
311 W. MAIN, ROOM 202
BOZEMAN, MT 59715

1990 REAL PROPERTY TAXES — GALLATIN COUNTY TREASURER — BOZEMAN, MONTANA — RKE18178

SCHOOL DIST. — MILL LEVY [illegible] — TOTAL ASSESSED VALUE 12,673 — TOTAL TAXABLE VALUE [illegible]

DESCRIPTION	FIRST HALF	SECOND HALF	TOTAL TAX
GENERAL TAX	62.10	62.10	124.20
GALLATIN CANYON FIRE	3.02	3.02	6.04
GALLATIN CONSERV DISTRICT	.31	.00	.31
BIG SKY S/M #300 MT	61.58	.00	61.58
BIG SKY MDW VLL M/RD #318	.00	.00	.00
BIG SKY MDW V RDS #318 MT	46.94	.00	46.94

TOTAL DELINQUENT TAXES DUE → 455.13

PENALTY AND INTEREST MUST BE FIGURED BEFORE DELINQUENT TAXES CAN BE PAID
SEE REVERSE SIDE FOR MORE INFORMATION

BREAKDOWN OF GENERAL TAX

STATE	COUNTY	SCHOOL
22.49	28.22	66.01
CITY/RURAL	ROAD	OTHER
.73	6.75	.00

LEGAL DESCRIPTION (MAY BE PARTIAL DESCRIPTION)
MEADOW VILLAGE #1 2ND FILING
IN 36 6S 3E
LOT 16 6 27

KAPPLER, SUZANNAH BONNELL &
HORNBLRG, LISA MORRISON
STANWICK, PAGET, BERMUDA

1st HALF DATE DUE AND AMOUNT
11/30/90 — 175.95

2nd HALF DATE DUE AND AMOUNT
05/31/91 — 65.12

OR PAY TOTAL TAX DUE → 241.0

1st HALF

PARCEL RKE18910

NAME
KAPPLER, SUZANNAH BON
PAYMENT DUE 11/30/90

1st HALF:	1,200.00
2nd HALF:	924.59
TOTAL TAX DUE:	2,124.59

RETURN STUB WITH PAYMENT TO:
GALLATIN COUNTY TREASURER
311 W. MAIN, ROOM 202
BOZEMAN, MT 59715

2nd HALF

PARCEL RKE18910

NAME
KAPPLER, SUZANNAH BON
PAYMENT DUE 05/31/91

1st HALF:	1,200.00
2nd HALF:	924.59
TOTAL TAX DUE:	2,124.59

RETURN STUB WITH PAYMENT TO:
GALLATIN COUNTY TREASURER
311 W. MAIN, ROOM 202
BOZEMAN, MT 59715

1990 REAL PROPERTY TAXES — GALLATIN COUNTY TREASURER — RKE18910 — 18910
BOZEMAN, MONTANA

SCHOOL DIST: 72 — MILLEVY: 288.99 — TOTAL ASSESSED VALUE: 179,894 — TOTAL TAXABLE VALUE: 6,

DESCRIPTION	FIRST HALF	SECOND HALF	TAXABLE TAX
GENERAL TAX	881.73	881.72	1,763.45
GALLATIN CANYON FIRE	42.85	42.67	85.75
GALLATIN CONSERV DISTRICT	4.44	.00	4.44
BIG SKY S/W #305 MT	270.95	.00	270.95

TOTAL DELINQUENT TAXES DUE → 3,322.34

PENALTY AND INTEREST MUST BE FIGURED BEFORE DELINQUENT TAXES CAN BE PAID. SEE REVERSE SIDE FOR MORE INFORMATION.

BREAKDOWN OF GENERAL TAX

STATE	COUNTY	SCHOOL
319.38	400.61	937.24

CITY/RURAL	ROAD	OTHER
10.41	98.81	.00

LEGAL DESCRIPTION (MAY BE PARTIAL DESCRIPTION)
SWEETGRASS HILLS SUB
IN SECS 25, 26, 35 & 36 6S 3E
LOT 4 2 1.82

KAPPLER, SUZANNAH BONNELL &
HORNBURG, LISA MORRISON
STANWICK, PAGET, BERMUDA

1st HALF DATE DUE AND AMOUNT		2nd HALF DATE DUE AND AMOUNT		ONLY TOTAL TAX DUE	
11/30/90	1,200.00	05/31/91	924.59		2,124

John BSOA
$ 412.10

1005

JOHN W. HORNBURG
P. O. BOX 458
BIG SKY, MT 59716

23 June 19 87 — 03-58/820

PAY TO THE ORDER OF Gallatin County Treasurer — $ 1165.45 — DOLLAR

Eleven Hundred Sixty Five 45/100

First Bank Bozeman
Member First Bank System
(406) 587-9222
First National Bank in Bozeman
Bozeman, MT 59715

MEMO Lot 4 Blk 2 863.39
Lot 16 Blk 6 302.06

:042400586: 11545432285451" 1005

11 6 5 45

John W. Hornburg

GALLATIN COUNTY, MONTANA — ORIGINAL COPY

EXAMINE THIS BILL CAREFULLY BEFORE PAYING. See that all legal descriptions are correct. The Treasurer is not responsible for payments on WRONG property. Payments so made cannot be refunded. If the tax is to be paid by another person, PLEASE FORWARD THIS NOTICE. (SEE NOTICE ON REVERSE SIDE).

PLEASE ENCLOSE THIS NOTICE WHEN MAKING PAYMENT. PAID RECEIPT WILL BE MAILED.

MAIL TO: OFFICE OF THE COUNTY TREASURER, BOX 549, BOZEMAN, MONTANA 59715.

KAPPLER, SUZANNAH BONNELL &
HORNBURG, LISA MORRISON
STANWICK, PAGET, BERMUDA

MEADOW VILLAGE #1 2ND FILING
IN 36 6S 3E
LOT 16 6 .27

PARCEL NO.: RKE18178

SCHOOL DISTRICT: 72

MILL LEVY: 223.16

TOTAL ASSESSED VALUE: 1

TOTAL TAXABLE VALUE:

DESCRIPTION	FIRST HALF	SECOND HALF
GENERAL TAX	47.35	47.34
GALLATIN CANYON FIRE	2.71	2.71
GALLATIN CONSERV DISTRICT	.42	.00
BIG SKY S/W #305 MT	29.52	.00
BIG SKY MDW VLL W/RD #318	174.32	.00
BIG SKY MDW V RDS #318 MT	47.74	.00
TOTAL	$302.06 (DUE 11/30/87)	$50.05 (DUE 05/31/88)

BREAKDOWN OF GENERAL TAX:

STATE	2.65	RURAL	.79
COUNTY	22.17	ROAD	5.88
SCHOOL	63.20	OTHER	.00

Paid from acct 5'45"

Paid 27 July 88 51.84 Due
check 588

GALLATIN COUNTY, MONTANA 23 No. CAF100 ... Rec'd 29 OCT 87

233

EXAMINE THIS BILL CAREFULLY BEFORE PAYING. See that all legal descriptions are correct. The Treasurer is not responsible for payments on WRONG property. Payments so made cannot be refunded. If the tax is to be paid by another person, PLEASE FORWARD THIS NOTICE. (SEE NOTICE ON REVERSE SIDE).

PLEASE ENCLOSE THIS NOTICE WHEN MAKING PAYMENT. PAID RECEIPT WILL BE MAILED.

MAIL TO: OFFICE OF THE COUNTY TREASURER, BOX 549, BOZEMAN, MONTANA 59715.

KAPPLER, SUZANNAH BONNELL &
HORNBURG, LISA MORRISON

SWEETGRASS HILLS SUB
IN SECS 25, 26, 35 & 36 6S 3E
LOT 4 2 1.82

PARCEL NO.: RKE18910

SCHOOL DISTRICT: 72

MILL LEVY: 228.16

TOTAL ASSESSED VALUE: 152,453

TOTAL TAXABLE VALUE: 5,885

DESCRIPTION	FIRST HALF	SECOND HALF	TOTAL
GENERAL TAX	671.36	671.36	1,342
GALLATIN CANYON FIRE	38.43	38.43	76
GALLATIN CONSERV DISTRICT	6.00	.00	6
BIG SKY S/W #305 MT	147.60	.00	147
TOTAL	$863.39 (DUE 11/30/87)	$709.79 (DUE 05/31/88)	$1,573

Paid Nov 23 *

BREAKDOWN OF GENERAL TAX:

STATE	37.66	RURAL	11.19
COUNTY	314.38	ROAD	83.33
SCHOOL	896.16	OTHER	.00

Paid 27 July 88 735.24 includes pr due Nov
Check # 588

BSOA 196. 98

1st HALF

PARCEL RKE19207

NAME
REICHSTETTER, CRAIG &
PAYMENT DUE 11/30/90

1st HALF:	560.01
2nd HALF:	385.79
TOTAL TAX DUE:	945.80

RETURN STUB WITH PAYMENT TO:
GALLATIN COUNTY TREASURER
311 W. MAIN, ROOM 202
BOZEMAN, MT 59715

2nd HALF

PARCEL RKE19207

NAME
REICHSTETTER, CRAIG &
PAYMENT DUE 05/31/91

1st HALF:	560.01
2nd HALF:	385.79
TOTAL TAX DUE:	945.80

RETURN STUB WITH PAYMENT TO:
GALLATIN COUNTY TREASURER
311 W. MAIN, ROOM 202
BOZEMAN, MT 59715

1990 REAL PROPERTY TAXES — GALLATIN COUNTY TREASURER RKE19207 — 19207
BOZEMAN, MONTANA

SCHOOL DIST.: 72 — MILL LEVY: 253.99 — TOTAL ASSESSED VALUE: 75,047 — TOTAL TAXABLE VALUE: 2,897

DESCRIPTION	FIRST HALF	SECOND HALF	TOTAL TAX
GENERAL TAX	367.91	367.90	735.81
GALLATIN CANYON FIRE	17.89	17.89	35.78
GALLATIN CONSERV DISTRICT	1.85	.00	1.85
BIG SKY S/W #305 MT	123.16	.00	123.16
BIG SKY MDW VLL W/RD #318	.00	.00	.00
BIG SKY MDW V RDS #318 MT	49.20	.00	49.20

TOTAL DELINQUENT TAXES DUE ⟶

PENALTY AND INTEREST MUST BE FIGURED BEFORE DELINQUENT TAXES CAN BE PAID. SEE REVERSE SIDE FOR MORE INFORMATION.

BREAKDOWN OF GENERAL TAX

STATE	COUNTY	SCHOOL
133.26	167.16	391.07
CITY/RURAL	**ROAD**	**OTHER**
4.34	39.98	.00

LEGAL DESCRIPTION (MAY BE PARTIAL DESCRIPTION)
MEADOW VILLAGE #1 2ND FILING
IN 36 6S 3E
LOT 23 6 .28

REICHSTETTER, CRAIG & CATHY LEE M
BOX 132
BIG SKY, MT 59716

1st HALF DATE DUE AND AMOUNT		2nd HALF DATE DUE AND AMOUNT		OR PAY TOTAL TAX DUE ▶
11/30/90 ▶	560.01	05/31/91 ▶	385.79	945.80

SENATE TAXATION
EXHIBIT NO. 3
DATE 3/4/91
BILL NO. SB 28

STAN STEPHENS, GOVERNOR

CHARLES A. BROOKE, DIRECTOR

SENATE LEGISLATION
EXHIBIT NO. 4
DATE 2/4/91
BILL NO. SB 128

MONTANA DEPARTMENT OF COMMERCE

1424 9TH AVENUE
HELENA, MONTANA 59620-0501
(406) 444-3494 FAX: (406) 444-2903

DESIGNATION METHODOLOGY FOR RESORT COMMUNITY OR RESORT AREA

"Resort Community" and "Resort Area" are defined in SB128 as an area or community under 2500 population that "derives the major portion of its economic well-being from businesses catering to the recreational and personal needs of persons travelling to or through the municipality (or area) for purposes not related to their income production".

The Department of Commerce is responsible for designating whether or not the community or area meets the criteria outlined in the definition above. The department used "employment" as the critical factor in determining that West Yellowstone qualified as a resort community under the definition. West Yellowstone is the only Montana community to adopt a resort tax under the existing statute.

Employment data was gathered from the U.S. Bureau of the Census and the Department of Labor & Industry to determine the employment in each sector of the West Yellowstone economic base.

Economic sectors are outlined in the "Standard Industrial Code" and the employment figures for that community or "area" can be collected or extrapolated by industrial category (eg. SIC code) from the data supplied by the Department of Labor & Industry.

The employment profile for that community is then measured against either a national or state average to determine that level of employment above the average. For selected employment sectors, research has determined that the "excess" employment in selected categories (SIC codes) can be attributed to non-residents travelling through the community. Adding up all of the excess employment in these selected occupational groups then gives an estimate of the employment attributable to travellers passing through the community or area. (See attached example)

If the result of these calculations show that there is a greater proportion of employment related to nonresident travel than the other basic sectors of the local economy, then that community or area is designated by the Department of Commerce as qualifying under the statute to adopt the resort tax subject to the approval of the local electorate.

SENATE TAXATION
EXHIBIT NO. 4
DATE 2/4/91
BILL NO. SB 178

ESTIMATING THE NONRESIDENT TRAVEL COMPONENT

The location quotient or "excess" method was used to estimate the portion of employment and wages attributable to nonresident travelers in each SIC category identified above. This procedure attributes "excess" employment or wages above some standard to be due to nonresidents visiting the area. The choice of the standard or base level of employment or wages affects the calculations--and the correct choice is not obvious. In this study, two alternative standards--the Montana base and the U.S. base--were used, and separate calculations were performed for each.

In order to illustrate the method, the following 1986 employment data is presented for Auto Repair Shops (SIC 7539).

1986 Employment
Auto Repair Shops (SIC 7539)

	Number	Percentage of Total Employment
Glacier County	22	0.62
Montana	641	0.24
United States	186,897	0.19

Glacier County has 22 workers in auto repair shops. These firms serve local residents as well as the nonresident travelers. In order to determine the ("excess") employment that can be attributed to the nonresident travelers, the number of workers needed to serve the local population must first be estimated. One approach would be to use Montana as a base. In other words, Glacier County employment in excess of the .24 percent of the total would be attributed to nonresidents. Or, about 8.4 employees in auto repair shops (0.62 - 0.24 = 0.38; 0.38 X 22 = 8.36) in Glacier County would be assigned to the nonresident travel component.

SENATE TAXATION
EXHIBIT NO. 4
DATE 2/4/91
BILL NO. SB 178

Alternatively, the United States could be considered as the base. In this case, employment in Glacier County exceeding 0.19 percent of the total would be attributed to nonresident travelers. This calculation yields an estimate of 9.5 employees (0.62 - 0.19 = 0.43; 0.43 X 22 = 9.46).

In most cases, the U.S. base yields larger estimates of nonresident travel wages and employment. This could be attributed to Montanans who themselves travel more for business and pleasure than the U.S. average. In other words, the percentage of total Montana employment in most travel-related industries is higher than their U.S. counterparts. But differences between the bases are not necessarily accurate estimates of instate travel by Montanans. At best, it is only an approximation of the excess travel by Montanans--the amount that Montanans exceed the national average.

There are standard assumptions and caveats associated with the "excess" employment and wages method. They include:

-- identical tastes and supply functions in the study and base areas,

-- no differences in both the marginal propensities to consume and income levels,

-- no differences in labor efficiency, production practices, and technology,

-- and, finally, the research literature concludes that this method generally understates "excess" activity. That is, the employment and wages attributed to the nonresident travel industry are probably underestimates of the true values.

Tables 2 through 6 present county, Montana Travel Region, and state totals for estimated nonresident travel employment and wages in 1986 and 1987. All calculations were performed at the most disaggregated level--i.e., four-digit SIC categories at the county level--and then summed to two-digit, county, or Travel Region totals.

SENATE TAXATION
EXHIBIT NO. 4
DATE 3/4/91
BILL NO. SB 138

Small Business Database

for the Nonresident Travel Industry

FINAL REPORT

Prepared for

Small Business Development Center
Business Assistance Division
1424 Ninth Avenue
Helena, Montana 59624

by

Bureau of Business and Economic Research
School of Business Administration
University of Montana
Missoula, Montana 59812

June 1989

SENATE TAXATION
EXHIBIT NO. 5
DATE 2/4/91
BILL NO. SB 128

SENATE STANDING COMMITTEE REPORT

February 4, 1991

MR. PRESIDENT:

We, your committee on Taxation having had under consideration Senate Bill No. 128 (first reading copy -- white), respectfully report that Senate Bill No. 128 be amended and as so amended do pass:

1. Title, line 6.
Following: "TO"
Insert: "DESTINATION"
Following: "OTHER"
Insert: "DESTINATION"

2. Page 1, line 20.
Following: "services,"
Insert: "appliances, hardware supplies and tools,"

3. Page 2, line 3.
Strike: "is an unincorporated area"
Insert: "is a defined contiguous geographic area"

4. Page 2, line 4.
Following: line 3
Insert: "(b) does not meet the criteria for incorporation as provided in 7-2-4103;"
Renumber: subsequent subsections

5. Page 4, line 5.
Following: "(iv)"
Insert: "destination"
Following: "other"
Insert: "destination"

6. Page 4, line 25.
Following: line 24
Insert: "(3) If a resort area is in more than one county, the resort tax question must be presented to and approved by the electors in the resort area of each county."
Renumber: subsequent subsection

7. Page 5, lines 9 through 11.
Strike: subsection (4) in its entirety

Signed: _____
Mike Halligan, Chairman

2-4-91
Amd. Coord.

2-4 2:45
Sec. of Senate

of an affiliated group and has a year that is not included within the income of the affiliated return, they must file a return covering that portion of the year. This return is due on the 15th day after of the 5th month following the close of the taxable year for which a consolidated return of the affiliated group is filed.

Proponents' Testimony: None

Opponents' Testimony: None

Questions From Committee Members: None

Closing by Sponsor:

SEN. GAGE gave no closing statement.

EXECUTIVE ACTION ON SB 110

Motion/Vote: **REP. McCARTHY MOVED SB 110 BE CONCURRED IN AND BE PLACED ON CONSENT CALENDAR.** Motion carried unanimously on a voice vote.

EXECUTIVE ACTION ON SB 147

Motion: **REP. NELSON MOVED SB 147 BE CONCURRED IN AND PLACED ON CONSENT CALENDAR.** Motion carried unanimously by voice vote.

HEARING ON SB 128

Presentation and Opening Statement by Sponsor:

SEN. HALLIGAN, Senate District 29, Missoula, stated SB 128 is a very focused and targeted resort tax which parallels exactly what was done in 1985 except we allow an unincorporated area to address the impacts of tourism coming into specific areas in Montana. This is not a panacea for all unincorporated communities.

In 1985, we tried to allow communities such as West Yellowstone, Red Lodge, and Virginia City, to adopt a resort tax to pay for the tremendous impact tourists have on fire, police, water, and sewer. On Page 2, a resort area is defined as an unincorporated area that is a defined contiguous geographic area. The rest of the definition is exactly the way it is for resort communities. It must have a population of less than 2,500, and it must derive the major portion of its economic well-being from businesses catering to the recreational and personal needs of persons traveling to or through the municipality for purposes not related to their income production, and it has to be defined by the Department of Commerce.

It must have a petition signed by 15% of the electors to start the process. The petition would have the rate of the tax,

purpose of the tax, what it will be used for, and what would be taxed. They would then give it to the county commissioners who would turn it over to the DOC. The DOC would then determine whether this certain unincorporated area generate most of its economic base from tourism.

Who can be taxed is very critical. The hardware stores can not be taxed. They must go to the places that are impacted by tourists such as the hotels, motels, camping, night clubs, and lounges. It must require a vote of the people.

Proponents' Testimony:

Mona Jamison, Big Sky Resort Association, provided written testimony. **EXHIBIT 1**

Taylor Middleton, Big Sky Resort Association, provided written testimony. **EXHIBIT 2**

Bill Murdock, Big Sky Owners Association, stated because the Big Sky area can not incorporate, the Owners Association acts as the governing body. We provide many of the services that the municipal governments are expected to take care of. We are presently involved in postal service, road maintenance, police protection, central sewer, water, zoning, and shuttle bus service. During the peak season, Big Sky has over 6,000 people: and these people are being supported by taxes in special districts and the Big Sky Owners Association assessment. Sewer and water are there biggest need at present. It will cost $2 million to replace the collection ponds that are now at capacity. We would like to spend more money to keep people coming to the state. We need the help from the resort tax to pay for some of these needs.

Mike Scholz, Big Sky Resort Association, stated the businesses in the Big Sky area stand in support of SB 128. We want to stay competitive with competitors outside of the region and state. Other areas provide services and are continually upgrading these services used by tourists because they have a resort tax. He urged the committees support.

Laurie Shadoen, Bozeman Chamber of Commerce, stated there are three reason why the Chamber supports SB 128. (1) because Big Sky is a destination resort; (2) the people; and (3) the bill provides for the determination of how the monies will be spent prior to the vote of the people. She urged the committee's support on behalf of the Montana Chamber.

Pete Lineberger, Big Sky Owners Association, stated the resort community taxes were enacted in 1985 for West Yellowstone. They have been a huge success. People who come in and enjoy our state and the gateway community, pay their way. These taxes have freed up other money for borrowing capacity to put in a central water

system which West Yellowstone did not have. Big Sky is like West Yellowstone in that it is a destination resort and a gateway community to the state. The tourist impact, the need for infrastructure improvements, and the need for the tourist to pay for it is there. SB 128 is for unincorporated areas. Big Sky needs this bill in order to enact a resort tax because they do not have the option to incorporate.

Gene Phillips, Big Mountain, stated the majority of the people who use the facilities at Big Mountain come from out of state. It is also a destination resort. He stood in support of SB 128

Gordon Morris, Montana Association of Counties, supported SB 128.

Opponents' Testimony: None

Questions From Committee Members:

REP. O'KEEFE asked **Mona Jamison** what a destination resort is. **Ms. Jamison** said there is a state of the art definition of destination resort. A destination resort is a full service, vacation locality which caters to individuals, families, or groups coming for accommodations and leisure oriented activities that are used for relaxation, pleasure, and amusement. Under rules of statutory construction, you are allowed to rely on the common usage of terms if they have meanings that are commonly accepted. **REP. O'KEEFE** said the words "destination resort" has been used twice in the title of SB 128 and asked why they do not appear in the bill anywhere. **Ms. Jamison** said to refer to Page 4, Line 12, third reading copy. Every bill gets amended and their intention is not fully represented in the bill. The whole focus is on destination resorts. This was the language at the Senate Tax Committee hearing and that is why the language was put in. **REP. O'KEEFE** asked if she would have any problem with the committee defining it in the definition section of the bill. **Ms. Jamison** said no.

REP. STANG asked **SEN. HALLIGAN** who would determine if the major portion of the cities economic income is from tourism. **SEN. HALLIGAN** referred the question to **Andy Poole, Department of Commerce. Mr. Poole** provided written testimony. **EXHIBIT 3,4**

REP. ELLIOTT stated he had taken a vacation and was going by Big Sky and wanted to talk to people because a similar bill was before them last session. He asked **Pete Lineberger** why they do not incorporate and have the responsibilities of incorporation with taxation. **Mr. Lineberger** said it is legally impossible to incorporate; (1) because the Big Sky area covers two counties. Legally, communities which cross county line can not incorporate; (2) the population density problem. There are approximately 15 to 25 sections of land in the Big Sky area. The requirements of the incorporation statutes are such that you must have a certain number within a certain square mile area. It can't be done in the Big Sky area. This is in no way an attempt to avoid the

responsibilities or the various other duties affiliated with incorporation. **REP. ELLIOTT** asked why the Big Sky Owners Association wanted this type of tax relief brought in. **Mr. Lineberger** stated we are not here for property tax relief. We are here so that people who come to Big Sky from out of county or state pay their fair share for the impact that is created on the community. **REP. ELLIOTT** said this is a tax that is crafted very specifically so that local residents do not pay but the visitors do. **Mona Jamison** said, of course, the resorts advertise. The benefit to the state, in addition to those who own the facilities and stores, are numerous. The homeowners and store owners pay fair property taxes in addition to homeowner assessments and still can not finance the infrastructure that is needed to service these people adequately. To what extent beyond property taxes, beyond homeowner assessments should these small groups take out of their pocket to make sure that they are subsidizing the tourism industry. They have no problem with paying their fair share. The point is that the tourism industry is a state industry.

REP. REAM asked **Bill Murdock** how are the boundaries of taxing jurisdiction determined. **Mr. Murdock** said for resort tax districts, if we have the option to put it to the voters, we are going to propose that it be roughly the same boundaries as the fire district which includes all the private properties and economic base in the area. The taxes would be collected at the county level

REP. STANG asked if someone could define the difference between a convenience store and a grocery store. **SEN. HALLIGAN** said in West Yellowstone, if a store sells normal food, they are exempt. He does not know how they have dealt with the issue. **Pete Lineberger** said in West Yellowstone, the administrative ordinance is dealt with specific items. No law other than this one makes any distinction between fast food stores and any other store that sells food. The distinction is in the item itself whether it is considered by this legislation. **REP. STANG** asked **SEN. HALLIGAN** if this could be implemented for a part of a year. **SEN. HALLIGAN** said no, it is a year around tax.

REP. McCARTHY said she was confused about the two counties and asked **Mr. Lineberger** if he intended to petition both the county commissioners and would those petitioners be restricted to this area that we talk about as being the fire district. **Mr. Lineberger** said yes, whatever the boundaries are determined to be.

REP. COHEN said this bill and existing legislation has an arbitrary cap of 2,500 and asked **Andy Poole** if there were communities in Montana that have populations over 2,500 that would show they have a significant amount of employment due to tourism. **Mr. Poole** said he did not know. He said he would have to look at the specific employment data from the county to determine whether it could be defined as a resort area. **REP.**

COHEN asked if there was any reason for the arbitrary cap of 2,500. **Mr. Poole** said all communities in the state are impacted by tourism.

REP. McCAFFREE said the language on Page 8 (i) would allow the vendor to withhold 5% Under (ii), it allows the vendor to receive a refund of 5% and asked **SEN. HALLIGAN** to explain it. **SEN. HALLIGAN** said a particular business who has alot of volume wouldn't want to take the 5% every time. They may want to calculate the sales over a month and request a refund of 5% of their gross sales at the end of the month. It gives the option to the business person, who has to suffer the consequences of collecting the tax, that they take 5% based on each transaction.

REP. GILBERT asked **Mr. Lineberger** how many year around residents are there is this unincorporated area. **Mr. Lineberger** could not answer. They are looking at 500 people that covers two counties, Gallatin Canyon, and where you turn of the main highway west to the ski area. **REP. GILBERT** asked how many condos, houses, and apartment complexes are privately owned in the area. **Mr. Lineberger** said approximately 1,200. **REP. GILBERT** asked in the election, which would be the petitioner and which would be the voter. **Mr. Lineberger** said there is alot of absentee ownership. Petitions have to be registered electorates which means they have to be permanent residents. **REP. GILBERT** said if they are short of money, why don't they raise the homeowner association fees, they are the beneficiaries of the services. **Mr. Lineberger** said they are not the only beneficiaries. There are thousands of people who come and stay at Big Sky who are also beneficiaries of these services. These are the people we are targeting.

Closing by Sponsor:

SEN. HALLIGAN said SB 128 is not an easy piece of legislation because it crosses many boundaries that we deal with in the taxation committees. We all like to go to resort places. The massive impacts are too much for regular property owners to deal with. SB 128 is not a panacea for homeowners.

EXECUTIVE ACTION ON SB 110

Motion/Vote: REP. McCARTHY MOVED SB 110 BE CONCURRED IN AND PLACED ON CONSENT CALENDAR. Motion carried unanimously by voice vote.

EXECUTIVE ACTION ON HB 441

Motion: REP. COHEN MOVED HB 441 DO PASS.

Motion: REP. COHEN moved to amend HB 441. **EXHIBIT 5**

Discussion:

REP. COHEN stated HB 441 was discussed in the Property Tax

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL DATE 2/21/91

NAME	PRESENT	ABSENT	EXCUSED
REP. DAN HARRINGTON	✓		
REP. BEN COHEN, VICE-CHAIRMAN	✓		
REP. BOB REAM, VICE-CHAIRMAN	✓		
REP. ED DOLEZAL	✓		
REP. JIM ELLIOTT	✓	+	
REP. ORVAL ELLISON	✓		
REP. RUSSELL FAGG	✓	+	
REP. MIKE FOSTER	✓		
REP. BOB GILBERT	✓	+	
REP. MARIAN HANSON	✓		
REP. DAVID HOFFMAN	✓		
REP. JIM MADISON	✓		
REP. ED MCCAFFREE	✓		
REP. BEA MCCARTHY	✓		
REP. TOM NELSON	✓		
REP. MARK O'KEEFE	✓	+	
REP. BOB RANEY	✓		
REP. TED SCHYE	✓	+	
REP. BARRY "SPOOK" STANG	✓		
REP. FRED THOMAS	✓	+	
REP. DAVE WANZENRIED		✓	

EXHIBIT 1
DATE 2-21-91
HB SB 128

MONA JAMISON
ATTORNEY AT LAW

POWER BLOCK BUILDING, SUITE 4F
POST OFFICE BOX 1698
HELENA, MONTANA 59624

PHONE: (406) 442-5581
FAX: (406) 449-3668

PLEASE SUPPORT SB 128

Resort Area Tax In "Unincorporated" Areas

Background

In 1985, the legislature passed HB 826. This law allows "incorporated" communities with populations of less than 2,500, where tourism is the community's most important basic industry, to impose a resort tax on luxury goods and services not to exceed 3 percent of their retail value. West Yellowstone has imposed and effectively used this tax.

HB 826 did not provide "unincorporated" areas the same opportunity. SB 128 fills this gap. SB 128 allows "unincorporated" areas with populations of less than 2,500, where tourism is the area's most important basic industry, to impose the same type of resort tax.

The Department of Commerce uses the export base model of economic growth when it determines whether or not an area's basic industry is tourism.

Electors in the resort area must approve the tax before it can be imposed.

Need for SB 128

An active tourism industry requires many services for the tourists it serves. The "industry," however, has no method by which it can raise revenue to assure that the needed services and facilities remain adequate.

A resort tax allows for the taxing of luxury goods and services utilized by visitors to the resort area in order to help defray the costs of providing needed facilities and services to these tourists.

Taxation of luxury goods and services is necessary in "destination resorts" like Big Sky, which must offer quality services in order to effectively compete with other national "destination resorts".

How SB 128 Works

The establishment of a resort area for the purpose of imposing a resort tax may be initiated by a written petition to the Board of City Commissioners of the county where the area is located.

Ex. 1
2-21-91
SB 128

The petition must:

1. Contain a description of the proposed resort area.

2. Be signed by at least 15 percent of the electors residing in the proposed area.

3. Must include the rate, duration, effective date, and purpose of the tax.

A majority of the electors in the resort area must approve the resort tax before it can be imposed.

The resort tax is a tax on the retail value of luxury goods and services sold in the resort area by:

1. Ski resorts and other recreational facilities.

2. Restaurants and other food service establishments.

3. Public establishments that serve alcoholic beverages by the drink.

4. Lodging facilities.

Use of Resort Area Tax

The proposed "uses" of the resort tax must be stated in the resolution approved by the electors and may include:

1. Law enforcement

2. Ambulance

3. Fire protection

4. Road maintenance

5. Local transit system

6. Post office

7. Water supply

8. Sewage disposal

PLEASE SUPPORT SB 128.

THANK YOU.

EXHIBIT 2
DATE 2-21-91
HB SB 128

BIG SKY·MONTANA
BIG SKY RESORT ASSOCIATION
P.O. Box 100
Big Sky, Montana 59716

February 20, 1991

Representative Ted Schye
N. Star Route
Glasgow, MT 59230

Dear Representative Schye:

You will soon be reviewing SB 128 which would give the unincorporated community of Big Sky the opportunity to have a referendum on a 3% resort tax. Our community needs this tax base to provide essential services to guests. I ask that you support Senate Bill 128.

Big Sky is a small community of about 350 registered voters. Our unique status as a destination resort requires that we provide police, fire, health, water, sewer, and other services to up to 6,000 guests at some times. To continue to provide essential services at the level demanded by guests--or that they receive at similar facilities outside Montana--we need these funds. I remind you that the consumers paying the tax are those benefiting from it.

Bear in mind you are not approving a tax, you are giving our voters the opportunity to decide this for themselves. The West Yellowstone tax that everyone is familiar with has been voted down in two other communities. The citizens will decide what is best for their community.

As a representative for Big Sky's business community which will collect such a tax, I sincerely request your support of SB 128.

Sincerely,

TM

Taylor Middleton, President
BIG SKY RESORT ASSOCIATION

TMjb

STAN STEPHENS, GOVERNOR

CHARLES A. BROOKE, DIRECTOR

EXHIBIT 3
DATE 2-21-91
HB SB-128

MONTANA DEPARTMENT OF COMMERCE

1424 9TH AVENUE
HELENA, MONTANA 59620-0501
(406) 444-3494 FAX: (406) 444-2903

DESIGNATION METHODOLOGY FOR RESORT COMMUNITY OR RESORT AREA

"Resort Community" and "Resort Area" are defined in SB128 as an area or community under 2500 population that "derives the major portion of its economic well-being from businesses catering to the recreational and personal needs of persons travelling to or through the municipality (or area) for purposes not related to their income production".

The Department of Commerce is responsible for designating whether or not the community or area meets the criteria outlined in the definition above. The department used "employment" as the critical factor in determining that West Yellowstone qualified as a resort community under the definition. West Yellowstone is the only Montana community to adopt a resort tax under the existing statute.

Employment data was gathered from the U.S. Bureau of the Census and the Department of Labor & Industry to determine the employment in each sector of the West Yellowstone economic base.

Economic sectors are outlined in the "Standard Industrial Code" and the employment figures for that community or "area" can be collected or extrapolated by industrial category (eg. SIC code) from the data supplied by the Department of Labor & Industry.

The employment profile for that community is then measured against either a national or state average to determine that level of employment above the average. For selected employment sectors, research has determined that the "excess" employment in selected categories (SIC codes) can be attributed to non-residents travelling through the community. Adding up all of the excess employment in these selected occupational groups then gives an estimate of the employment attributable to travellers passing through the community or area. (See attached example)

If the result of these calculations show that there is a greater proportion of employment related to nonresident travel than the other basic sectors of the local economy, then that community or area is designated by the Department of Commerce as qualifying under the statute to adopt the resort tax subject to the approval of the local electorate.

ESTIMATING THE NONRESIDENT TRAVEL COMPONENT

The location quotient or "excess" method was used to estimate the portion of employment and wages attributable to nonresident travelers in each SIC category identified above. This procedure attributes "excess" employment or wages above some standard to be due to nonresidents visiting the area. The choice of the standard or base level of employment or wages affects the calculations--and the correct choice is not obvious. In this study, two alternative standards--the Montana base and the U.S. base--were used, and separate calculations were performed for each.

In order to illustrate the method, the following 1986 employment data is presented for Auto Repair Shops (SIC 7539).

1986 Employment
Auto Repair Shops (SIC 7539)

	Number	Percentage of Total Employment
Glacier County	22	0.62
Montana	641	0.24
United States	186,897	0.19

Glacier County has 22 workers in auto repair shops. These firms serve local residents as well as the nonresident travelers. In order to determine the ("excess") employment that can be attributed to the nonresident travelers, the number of workers needed to serve the local population must first be estimated. One approach would be to use Montana as a base. In other words, Glacier County employment in excess of the .24 percent of the total would be attributed to nonresidents. Or, about 8.4 employees in auto repair shops (0.62 - 0.24 = 0.38; 0.38 X 22 = 8.36) in Glacier County would be assigned to the nonresident travel component.

Alternatively, the United States could be considered as the base. In this case, employment in Glacier County exceeding 0.19 percent of the total would be attributed to nonresident travelers. This calculation yields an estimate of 9.5 employees (0.62 - 0.19 = 0.43; 0.43 X 22 = 9.46).

In most cases, the U.S. base yields larger estimates of nonresident travel wages and employment. This could be attributed to Montanans who themselves travel more for business and pleasure than the U.S. average. In other words, the percentage of total Montana employment in most travel-related industries is higher than their U.S. counterparts. But differences between the bases are not necessarily accurate estimates of instate travel by Montanans. At best, it is only an approximation of the excess travel by Montanans--the amount that Montanans exceed the national average.

There are standard assumptions and caveats associated with the "excess" employment and wages method. They include:

-- identical tastes and supply functions in the study and base areas,

-- no differences in both the marginal propensities to consume and income levels,

-- no differences in labor efficiency, production practices, and technology,

-- and, finally, the research literature concludes that this method generally understates "excess" activity. That is, the employment and wages attributed to the nonresident travel industry are probably underestimates of the true values.

Tables 2 through 6 present county, Montana Travel Region, and state totals for estimated nonresident travel employment and wages in 1986 and 1987. All calculations were performed at the most disaggregated level--i.e., four-digit SIC categories at the county level--and then summed to two-digit, county, or Travel Region totals.

EXHIBIT 4
DATE 2-21-91
HB SB 128

Small Business Database

for the Nonresident Travel Industry

FINAL REPORT

Prepared for

Small Business Development Center
Business Assistance Division
1424 Ninth Avenue
Helena, Montana 59624

by

Bureau of Business and Economic Research
School of Business Administration
University of Montana
Missoula, Montana 59812

June 1989

HOUSE OF REPRESENTATIVES
VISITOR REGISTER

TAXATION COMMITTEE BILL NO. SB128

DATE 2/21/91 SPONSOR(S) Sen. Halligan

PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
F.H. BUCK BOLES	MT CHAMBER OF COMMERCE	X	
Gordon Morris	MACO	X	
Pete Lineberger	Big Sky Owners Assn	X	
Mike SCHOLZ	Big sky RESORT ASS	X	
TAYLOR MIDDLETON	BIG SKY SKI RESORT	X	
GENE PHILLIPS	THE BIG MOUNTAIN	X	
Laurie Shadoan	Bozeman Chamber	X	
Mona Jamison	Big Sky Owners Assn	X	
(Wenis Adam	DOR		
Cindy Peck	Commerce Information		
Bill Murdock	Big Sky Owners Assn	X	

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

up and down the board. The retroactive date of the bill only applies to the leaks.

EXECUTIVE ACTION ON SB 128

Motion: REP. HOFFMAN MOVED SB 128 BE CONCURRED IN.

Discussion:

REP. ELLIOTT said that this is a sales tax on tourists. He objected to the bill. **REP. RANEY** stated that he was also against the bill. He sees private enterprise in the Big Sky area going back to 1970 when they first started getting the state to supplement their activity to build the road all the way up to the ski area. Chet Huntley and the Chrysler Corporation came in and built the ski area, condos, stores, and golf courses and made big bucks. Now they don't want to spend their big bucks to take care of their own infrastructure. Now they want us to tax the tourists on their behalf. We should not be doing this.

REP. HOFFMAN stated that we tax alcohol, cigarette, and a whole variety of other things. This again is a very selective tax. There are many people who support a statewide sales tax but oppose this bill because they see it as an erosion of the statewide sales tax concept. If we do not tax the tourists to take care of that infrastructure, then we all will end up paying for it.

REP. GILBERT said he would oppose the bill and he is a sales tax supporter. He agreed with **REP. RANEY** in that the people who started the commercial endeavor are now trying to find a way to let someone else pay their expenses for them.

REP. McCARTHY said that she sees it as a user fee on the people who are using the resort and she therefore does not have any objection to it. She is more concerned with how they are going to handle the implementation of it.

REP. STANG said the bill does not just apply to Big Sky. It applies to other communities that would be designated as a resort area and it would give them a chance to improve their infrastructure and can receive the same benefit.

REP. ELLIOTT said that if you can afford to live in Big Sky, you can afford to pay for your own needed improvements. If you can't afford the gas; don't buy the car. There is a vote in the bill. The local voters can go to the polls and vote to tax someone else. This offends him as it is taxation without representation.

Vote: Motion that SB 128 Be Concurred In carried 14 to 7 on a roll call vote. **EXHIBIT 18**

EXECUTIVE ACTION ON HB 877

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL DATE 3/14/91

NAME	PRESENT	ABSENT	EXCUSED
REP. DAN HARRINGTON	✓		
REP. BEN COHEN, VICE-CHAIRMAN	✓		
REP. BOB REAM, VICE-CHAIRMAN	✓		
REP. ED DOLEZAL	✓		
REP. JIM ELLIOTT	✓		
REP. ORVAL ELLISON	✓		
REP. RUSSELL FAGG	✓		
REP. MIKE FOSTER	✓		
REP. BOB GILBERT	✓		
REP. MARIAN HANSON	✓		
REP. DAVID HOFFMAN	✓		
REP. JIM MADISON	✓		
REP. ED MCCAFFREE	✓		
REP. BEA MCCARTHY	✓		
REP. TOM NELSON	✓		
REP. MARK O'KEEFE	✓		
REP. BOB RANEY	✓		
REP. TED SCHYE	✓		
REP. BARRY "SPOOK" STANG	✓		
REP. FRED THOMAS	✓		
REP. DAVE WANZENRIED	✓		

HOUSE STANDING COMMITTEE REPORT

March 14, 1991

Mr. Speaker: We, the committee on Taxation report that Senate Bill 128 (third reading copy -- blue) be concurred in .

Signed: _____
Dan Harrington, Chairman

Carried by: Rep. _____

EXHIBIT 18
DATE 3-14-91
HB SB128

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 3/14 **BILL NO.** _____ **NUMBER** SB128

MOTION: _____

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN Px Rep M.	✓	
REP. ED DOLEZAL P. Schye	✓	
REP. JIM ELLIOTT		✓
REP. ORVAL ELLISON Gilbert		✓
REP. RUSSELL FAGG —	✓	
REP. MIKE FOSTER	✓	
REP. BOB GILBERT		✓
REP. MARIAN HANSON	✓	
REP. DAVID HOFFMAN	✓	
REP. JIM MADISON	✓	
REP. ED MCCAFFREE		✓
REP. BEA MCCARTHY	✓	
REP. TOM NELSON	✓	
REP. MARK O'KEEFE —		✓
REP. BOB RANEY		✓
REP. BOB REAM, VICE-CHAIRMAN	✓	
REP. TED SCHYE		✓
REP. BARRY "SPOOK" STANG	✓	
REP. FRED THOMAS	✓	
REP. DAVE WANZENRIED	✓	
REP. DAN HARRINGTON, CHAIRMAN	✓	
TOTAL		

14 : 4